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Environment & Climate News

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Maine Passes Carbon Dioxide Law

by James M. Taylor

Maine Governor John Baldacci on June 26 signed LD 845, "An Act to Provide Leadership in Addressing the Threat of Climate Change," which requires the development of a long-term plan for cutting the state's carbon dioxide emissions.

The Maine law follows greenhouse gas reduction plans in Massachusetts, New

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Science Rejects Anti-Pesticide Claims

by Angela Logomasini

Public health officials across the country are considering widespread spraying of pesticides to control the mosquito-borne West Nile virus. Anti-pesticide environmentalists claim spraying will devastate bird populations and other wildlife, but sound science shows the pesticides are safe and necessary.

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Where Rail Transit Works, and Why

by Wendell Cox

From Seattle to Atlanta to Sioux City, federal largesse has generated an intense debate about whether urban rail "works."

For those who believe the standard should be traffic reduction, the answer is a clear "no." To the "railigious," however, it seems sufficient that the new trains operate—their mere moving from station to station is enough.

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Utah Governor Leavitt to Take Over EPA

Agence France Presse

President George W. Bush listens to Utah Governor Mike Leavitt after Bush nominated Leavitt for the position of EPA Administrator on August 11, 2003. Leavitt will replace former EPA Administrator Christie Whitman.

by James M. Taylor

Three-term Utah Governor Mike Leavitt was nominated to serve as administrator of the Environmental Protection Agency by President George W. Bush on August 12. Confirmation hearings were expected to begin in September.

A long-time friend whom Bush first met during governors' conferences in the 1990s, Leavitt pledged he will bring to EPA more local input regarding federal environmental rules and a reputation for inclusive decision-making.

Leavitt is co-chair of the Western Regional Air Partnership, earning praise for coordinating a regional agreement to improve air quality over national parks in the American West. He also pleased activist groups, and alienated his own party, by spearheading the effort to set aside Utah's

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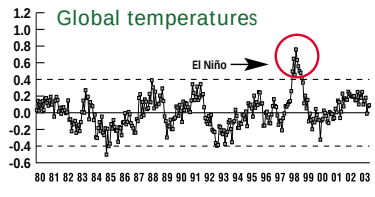
Is this global warming?



Each month, Earth Track updates the global averaged monthly satellite measurements of the Earth's temperature. **See page 12.**

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KYOTO PROTOCOL

"Soft Kyoto" Strategy Raises Energy Concerns

by Marlo Lewis, Jr.

Determined to pass energy legislation before Congress adjourned for its August recess, Senate leaders brokered a deal replacing this year's Republican-drafted bill (S. 14) with last year's Democrat-drafted bill (S. 517).

Building a Kyoto Framework

S. 517 affirms the Kyoto Protocol's vision of an impending climate catastrophe caused by man-made emissions of carbon dioxide (CO2), the inescapable byproduct of fossil fuel energy generation. If Congress puts its seal of approval on such alarmism, it would mobilize pro-Kyoto lobbying both inside and outside the U.S. government.

S. 517 would create a White House climate czar charged with the tasks of developing and presenting to Congress a national carbon reduction strategy. In other words, the bill would establish a permanent institutional base within the Executive Branch for anti-energy advocacy.

In addition, S. 517 would set up a national registry to track companies' carbon emissions. If after five years companies producing at least 60 percent of estimated U.S. emissions decline to "volunteer" for the emissions reduction program, participation becomes mandatory, enforceable by fines of up to $25,000 per day. The bill would build the monitoring and enforcement framework for a future Kyoto-style emissions cap-and-trade program.

Finally, S. 517 would institute the first nationwide "renewable portfolio standard" (RPS) for the electric power sector. An RPS is a regulatory scheme requiring a specified percentage of electricity to come from solar, wind, and other politically correct technologies. Under S. 517, 10 percent of the nation's electricity would have to come from renewable sources by 2020.

The Republicans who will control the House-Senate conference committee on energy legislation are no fans of S. 517. Senator Pete Domenici (R-New Mexico) has suggested S. 517 is irrelevant, stating: "We're the majority. We write the bill in conference." The outcome of the conference committee's work, however, is far from certain.

Renewable Power Play

As part of the deal moving energy legislation out of the Senate, leaders agreed to schedule debate on the "Climate Stewardship Act" (S. 139), sponsored by Presidential aspirants Senators John McCain (R-Arizona) and Joe Lieberman (D-Connecticut). Like the Kyoto Protocol, S. 139 would impose caps on carbon dioxide emissions from the U.S. power, manufacturing, and transportation sectors.

McCain says he does not expect Congress to enact his bill. However, conference committee members may feel they have to accept a renewable portfolio standard—a top priority for Senate Energy and Natural Resources Committee ranking member Jeff Bingaman (D-New Mexico)—in order to look "green" and produce a bill Democratic leaders can support.

"S. 517 affirms the Kyoto Protocol's vision of an impending climate catastrophe. … If Congress puts its seal of approval on such alarmism, it would mobilize pro-Kyoto lobbying both inside and outside the U.S. government."

The possibility of an RPS provision in the energy bill raises several red flags for energy economists and policy analysts.

■ An RPS is fundamentally a set-aside program—corporate welfare that would not exist in a free market. At whatever level it is initially set, the RPS will function as a floor, not a ceiling. Once enacted, it will strengthen the renewable-energy lobby and grow like other entitlements. The potential to exploit consumers, misdirect capital investment, and undermine the productivity of electric-intensive industries is great. In March 2002, John Kerry (D-Massachusetts), Lieberman, and 27 other senators voted for a 20 percent RPS—twice the size of S. 517's mandate. Enacting a 10 percent RPS would encourage them to keep pushing, year after year, until Congress ratchets up the RPS to 20 percent or higher.

■ A nationwide RPS is an unfunded, one-size-fits-all federal mandate. Why require states to develop implementation plans for meeting federal clean air standards if Congress is going to dictate the details of those plans? States are already free to subsidize and mandate the use of renewables if they wish, and many do. A nationwide RPS tosses federalism out the window.

■ If Congress forces the power sector to use more non-fossil energy, utilities will have less reason to resist Kyoto or McCain-Lieberman, since they will already effectively comply with a carbon cap. Some may even lobby for McCain-Lieberman, figuring their renewable portfolios will make them net sellers of carbon credits under a cap-and-trade program. Instead of mollifying the Kyoto crowd, enacting an RPS will simply tee up McCain-Lieberman for the next round.

Compromises that advance your opponent's agenda and build his power base are seldom stable and never smart. For this reason, many energy experts prefer no energy bill to a bill with a renewable portfolio standard.

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20th Century Warming Not Unprecedented, Experts Testify

by David Wojick

A key scientific issue in the debate over the sources of changes in the Earth's climate rose to the level of a Senate hearing during the last week of July.

The hearing was called in an attempt to help determine the answers to some important questions: Was twentieth century warming unusual? Could it have been natural? Was it due to man-made greenhouse gas emissions ... and how can we know that?

Those questions mask a very complex problem that is emerging as the most important issue in the global climate change debate.

The debate—and the hearing—were prompted by two academic studies that have reached different conclusions about the nature of global climate change. One study, published in March 2003, was led by Harvard astrophysicist Willie Soon. The other, published in 1998, was by University of Virginia climate statistician Michael Mann. The two studies are the key flashpoints in a larger raging debate within the field called paleoclimatology.

Paleoclimatologists study the history of the Earth's climate and climate changes by using what are called proxy records. Since no thermometers or sensitive temperature-taking equipment existed for most of human history, paleoclimatologists use proxies, like tree rings or ice cores, to determine what the historical climate record was like.

Mann: Twentieth Century Warming Unprecedented

The fight is over the so-called "Medieval Warm Period" (MWP) and "Little Ice Age" (LIA). The MWP is thought to have occurred from roughly the year 800 to1300, and the LIA from 1300 to 1900.

The debate turns on whether the Medieval Warm Period and Little Ice Age in fact existed and, if so, if they were global phenomena. If they were, then it's very likely warming observed in the twentieth century may be simply the climate emerging from the Little Ice Age, a perfectly natural process—not a human-induced one.

Advocates of the man-made warming theory, such as Mann and his colleagues, are climate change skeptics—that is, they believe the historical record says climate has been relatively stable compared to today, and that the twentieth century warming is anomalous, due to human influence, and deeply troubling. They contend that local periods of warming and cooling, while large, were not synchronous, so they do not represent true "climate change." Over the past 10 years they have developed a number of statistical techniques to support their claims.

Mann's 1998 paper was the high point in this scientific movement. Mann claimed to find no evidence of either the Little Ice Age or the Medieval Warm Period in the paleoclimate record. His sample of that record was very small, just 10 locations.

Despite that shortcoming, the Mann study was central to the 2001 Third Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC), when the IPCC concluded most of the late twentieth century warming was probably due to human influence. There is no overstating how influential the Mann paper has been within climate change science circles—and in the public debate beyond.

Soon: Compelling Evidence of Medieval Warmth

Soon and his colleagues published "Reconstructing Climatic and Environmental Changes of the Past 1000 Years: A Reappraisal" in March 2003 in the British journal *Energy and Environment*. The researchers reviewed roughly 250 paleoclimate studies, concluding the Medieval Warm Period and Little Ice Age were both real and global, albeit with significant regional variations. They wrote:

"The Medieval Warm Period of 800 to 1300 A.D. and the Little Ice Age of 1300 to 1900 A.D. were worldwide phenomena not limited to the European and North American continents. While 20th century temperatures are much higher than in the Little Ice Age period, many parts of the world show the medieval warmth to be greater than that of the 20th century."

In other words, the warming observed during the twentieth century is not unprecedented. There have been earlier periods of warming, taking place long before the industrial revolution and thus long before humans began emitting greenhouse gases into the atmosphere.

In addition to the Soon study, there is abundant evidence from many parts of the world for the existence of both the Medieval Warm Period and Little Ice Age. The European Space Agency says the MWP and LIA were global. It also says the MWP was approximately 1˚ C warmer than today.

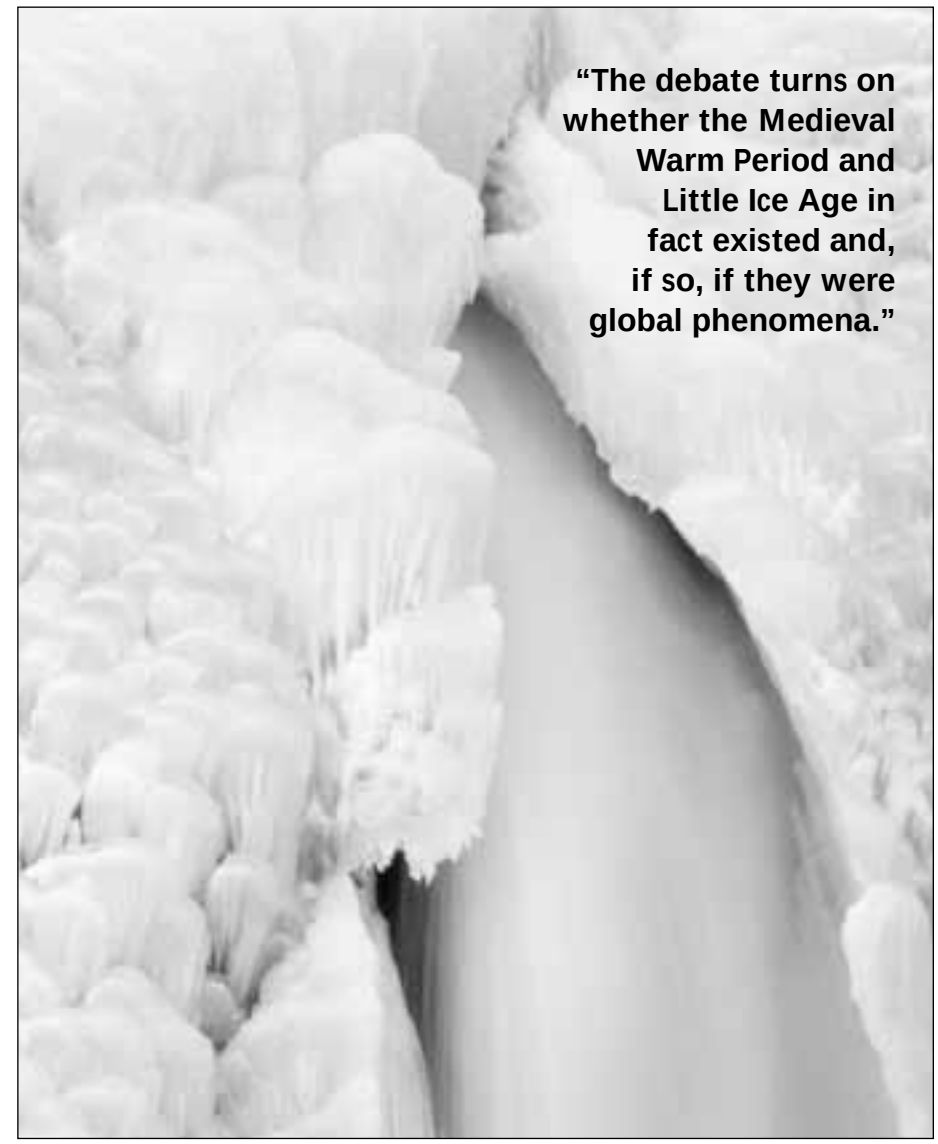
Geological Perspectives of Global Climate Change, written by geologist Lee Gerhard of the Kansas Geological Survey and others, concludes, "that the current rate of temperature increase is not unusual, despite the human-induced addition of CO2, implies that it is not possible to detect a human imprint on Earth temperatures."

Debate Rages On

Soon and his colleagues directly address the Mann study, contending Mann's statistical methods were flawed in such a way that they tended to hide variability, rather than reveal it. The proxy records paleoclimatologists use to recreate the climate record are considered "noisy" because the temperature signal is masked by many other variables. Mann's method, according to Soon, tends to amplify that noise.

After the Soon study was published, Mann, along with 12 other prominent advocates of the theory of human-induced warming, published a pointed rejoinder in the July issue of the journal *EOS*, setting the stage for the Senate hearing.

At the hearing, and in the pages of *EOS*, Mann reiterated his claim that twentieth century warming is "unprecedented in the last 1000 years" and that this is the consensus view in the scientific community. The claim has often appeared in the press since the IPCC voiced it in 2001. Mann's criticism in *EOS* and at the hearing prompted several misleading press accounts of the ongoing debate.


"The debate turns on whether the Medieval Warm Period and Little Ice Age in fact existed and, if so, if they were global phenomena."

If the Medieval Warm Period and Little Ice Age, and the cycles before them, did not actually take place, then the recent warming may indeed be unprecedented. But their non-existence is by no means settled, as the Soon study makes clear. As David Legates of the University of Delaware testified before the hearing, "we chose ... to ... determine if the proxy records *themselves* indeed confirm the claim of the 1990s being the warmest decade of the last millennium. That claim is *not* borne out by the individual proxy records."

And thus the debate rages on. On one side remains a prominent group of climate modelers and statisticians who fervently believe the recent observed warming is human-induced. They assert periods such as the Medieval Warm Period didn't happen. As the *EOS* group puts it, "modeling and statistical studies indicate that such anomalous warmth cannot be explained by natural factors but, instead, requires significant anthropogenic (that is, 'human') influences during the 20th century." To these researchers, it matters not what the proxy record says—their models cannot explain natural variability, and therefore the Medieval Warm Period and Little Ice Age could not have happened.

But much of the broader scientific community, especially many geologists and paleoclimatologists, do not accept that argument. Just because climate modelers cannot explain natural variability does not mean natural variability does not exist. They say they can see it clearly in the data.

David Wojick is an independent science journalist and policy analyst. His email address is **dwojick@climatechangedebate.org**.

INTERNET INFO

The full text of the 67-page study by Willie Soon and colleagues, *Reconstructing Climatic and Environmental Changes of the Past 1000 Years: A Reappraisal*, is available through *PolicyBot*. Point your Web browser to **http://www.heartland.org**, click on the *PolicyBot* icon, and search for document **#12312**.

Geological Perspectives of Global Climate Change, by Lee Gerhard et al., is available for $49 through Amazon.com. Point your Web browser to **http://www.amazon.com/exec/obidos/ASIN/0891810544/theheartlandinst.**

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Part 1 in a series

Senator Refutes Global Warming Hypothesis

Managing Editor's note:
Senator James Inhofe (R-Oklahoma), chairman of the Senate Committee on Environment and Public Works, delivered a detailed critique of global warming theory on July 28, launching what promise to be contentious Senate hearings on the topic this Fall.

The following is the first in a series excerpting Inhofe's remarks. Subheads have been added for the reader's convenience.

The Science of Climate Change

Senate Floor Statement by
U.S. Sen. James M. Inhofe
(R-Oklahoma)
Chairman, Committee on
Environment and Public Works
July 28, 2003

As chairman of the Committee on Environment and Public Works, I have a profound responsibility, because the decisions of the committee have wide-reaching impacts, influencing the health and security of every American.

That's why I established three guiding principles for all committee work: It should rely on the most objective science; it should consider costs on businesses and consumers; and the bureaucracy should serve, not rule, the people.

Without these principles, we cannot make effective public policy decisions. They are necessary to both improve the environment and encourage economic growth and prosperity.

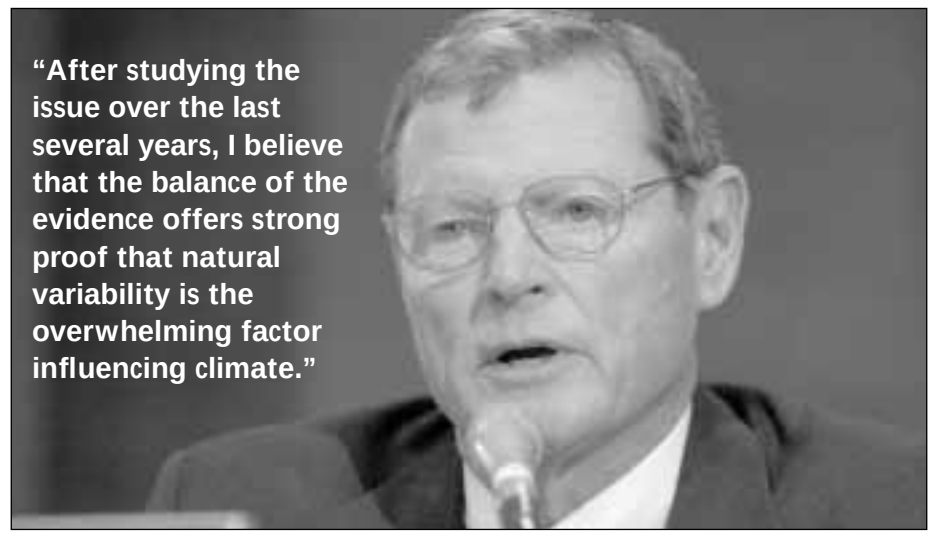
But if the relationship between public policy and science is distorted for political ends, the result is flawed policy that hurts the environment, the economy, and the people we serve.

The issue of catastrophic global warming, which I would like to speak about today, fits perfectly into this mold. Much of the debate over global warming is predicated on fear, rather than science. Global warming alarmists see a future plagued by catastrophic flooding, war, terrorism, economic dislocations, droughts, crop failures, mosquito-borne diseases, and harsh weather—all caused by man-made greenhouse gas emissions.

Hans Blix, chief U.N. weapons inspector, sounded both ridiculous and alarmist when he said in March, "I'm more worried about global warming than I am of any major military conflict."

Science writer David Appell, who has written for such publications as the *New Scientist* and *Scientific American*, parroted Blix when he said "[Global warming] would be chaos by any measure, far greater even than the sum total of chaos of the global wars of the 20th century, and so in this sense Blix is right to be concerned. Sounds like a weapon of mass destruction to me."

No wonder the late political scientist Aaron Wildavsky called global warming alarmism the "mother of all environmental scares."


"After studying the issue over the last several years, I believe that the balance of the evidence offers strong proof that natural variability is the overwhelming factor influencing climate."

U.S. Senator James M. Inhofe (R-Oklahoma). *Roll Call Photos*

Unsettled Science

Appell and Blix sound very much like those who warned us in the 1970s that the planet was headed for a catastrophic global *cooling*. On April 28, 1975, *Newsweek* printed an article titled, "The Cooling World," in which the magazine warned:

"There are ominous signs that the Earth's weather patterns have begun to change dramatically and that these changes may portend a drastic decline in food production—with serious political implications for just about every nation on Earth."

In a similar refrain, *Time* magazine for June 24, 1974 declared: "However widely the weather varies from place to place and time to time, when meteorologists take an average of temperatures around the globe they find that the atmosphere has been growing gradually cooler for the past three decades."

In 1974 the National Science Board, the governing body of the National Science Foundation, stated: "During the last 20 to 30 years, world temperature has fallen, irregularly at first but more sharply over the last decade." Two years earlier, the board had observed: "Judging from the record of the past interglacial ages, the present time of high temperatures should be drawing to an end ... leading into the next glacial age."

How quickly things change. Fear of the coming ice age is old hat, but fear that man-made greenhouse gases are causing temperatures to rise to harmful levels is in vogue. Alarmists brazenly assert that this phenomenon is fact, and that the science of climate change is "settled."

But in fact the issue is far from settled, and indeed is seriously disputed. I would submit, furthermore, that not only is there a debate, but the debate is shifting away from those who subscribe to global warming alarmism. After studying the issue over the last several years, I believe that the balance of the evidence offers strong proof that natural variability is the overwhelming factor influencing climate.

Little Impact on Climate

It's also important to question whether global warming is even a problem for human existence. Thus far no one has seriously demonstrated any scientific proof that increased global temperatures would lead to the catastrophes predicted by alarmists. In fact, it appears that just the opposite is true: that increases in global temperatures may have a beneficial effect on how we live our lives.

For these reasons I would like to discuss an important body of scientific research that refutes the anthropogenic theory of catastrophic global warming. I believe this research offers compelling proof that human activities have little impact on climate.

This research, well documented in the scientific literature, directly challenges the environmental worldview of the media, so it typically doesn't receive proper attention and discussion.

"[I]f the relationship between public policy and science is distorted for political ends, the result is flawed policy that hurts the environment, the economy, and the people we serve."

I believe it is extremely important for the future of this country that the facts and the science get a fair hearing. Without proper knowledge and understanding, alarmists will scare the country into enacting their ultimate goal: making energy suppression, in the form of harmful mandatory restrictions on carbon dioxide and other greenhouse emissions, the official policy of the United States.

Such a policy would induce serious economic harm, especially for low-income and minority populations. Energy suppression, as official government and non-partisan private analyses have amply confirmed, means higher prices for food, medical care, and electricity, as well as massive job losses and drastic reductions in gross domestic product, all the while providing virtually no environmental benefit. In other words: a raw deal for the American people and a crisis for the poor.

High Cost of Kyoto

The issue of global warming has garnered significant international attention through the Kyoto Treaty, which requires signatories to reduce their greenhouse gas emissions by considerable amounts below 1990 levels. The Clinton administration, led by former Vice President Al Gore, signed Kyoto on November 12, 1998 but never submitted it to the Senate for ratification.

The treaty explicitly acknowledges as true that man-made emissions, principally from the use of fossil fuels, are causing global temperatures to rise, eventually to catastrophic levels. Kyoto enthusiasts believe that if we dramatically cut back, or even eliminate, fossil fuels, the climate system will respond by sending global temperatures back to "normal" levels.

In 1997, the Senate sent a powerful signal that Kyoto was unacceptable. By a vote of 95 to 0, the Senate passed the Byrd-Hagel resolution, which stated that the Senate would not ratify Kyoto if it caused substantial economic harm and if developing countries were not required to participate on the same timetable.

The most widely cited and most definitive economic analysis of Kyoto came from Wharton Econometric Forecasting Associates, or WEFA. According to WEFA economists, Kyoto would cost 2.4 million U.S. jobs and reduce GDP by 3.2 percent, or about $300 billion annually, an amount greater than the total expenditure on primary and secondary education.

Because of Kyoto, American consumers would face higher food, medical, and housing costs—for food, an increase of 11 percent; medicine, an increase of 14 percent; and housing, an increase of 7 percent. At the same time an average household of four would see its real income drop by $2,700 in 2010, and each year thereafter.

Under Kyoto, energy and electricity prices would nearly double, and gasoline prices would go up an additional 65 cents per gallon.

Some in the environmental community have dismissed the WEFA report as a tainted product of "industry." I would point them to the 1998 analysis by the Clinton Energy Information Administration, the statistical arm of the Department of Energy, which largely confirmed WEFA's analysis.

Keep in mind, all of these disastrous results of Kyoto are predicted by Wharton Econometric Forecasting Associates, a private consulting company founded by professors from the University of Pennsylvania's Wharton Business School.

Despite these facts, groups such as Greenpeace blindly assert that Kyoto "will not impose significant costs" and "will not be an economic burden."

Minorities Hit Hardest

According to a recent study by the Center for Energy and Economic Development, sponsored by the National Black Chamber of Commerce and the United States Hispanic Chamber of Commerce, if the U.S. ratifies Kyoto, or passes domestic climate policies effectively implementing the treaty, the result would "disproportionately harm America's minority communi-

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McCain-Lieberman Will Be Costly, Energy Department Warns

by James M. Taylor

The U.S. Department of Energy's Energy Information Administration (EIA) has released an analysis of the Climate Stewardship Act of 2003, sponsored by Senators John McCain (R-Arizona) and Joseph Lieberman (D-Connecticut).

According to the EIA, the proposed legislation to curtail greenhouse gas emissions would have far-reaching negative effects on the American economy.

By 2025, the average American family can expect to pay $444 more per year for energy as a result of McCain-Lieberman, according to the EIA analysis. The average American will have paid nearly $2,500 to comply with the law, and the nation as a whole will have lost more than $500 billion in gross domestic product, measured in 1996 dollars.

The EIA analysis did offer some hope, however, suggesting McCain-Lieberman and its attendant costs may not be necessary. "The EIA also found that emissions of carbon dioxide per unit of GDP fell by 17.6 percent (from 1990 through 2002)," observed Iain Murray, a senior fellow at the Competitive Enterprise Institute. "Technology has moved to make energy use more efficient, resulting in cleaner energy."

Compliance with the proposed legislation, modeled closely after the Kyoto Protocol, will stir up a new round of environmental debates, warned the EIA, as nuclear power's share of the country's electricity supply would have to rise 50 percent to meet consumer energy demands without an increase in carbon dioxide emissions. Conservation and renewable energy sources will fall far short of meeting America's energy needs, the report noted.

Confirms Prior Studies

The EIA report confirms the findings of other studies that have concluded curbing carbon dioxide emissions would be economically prohibitive.

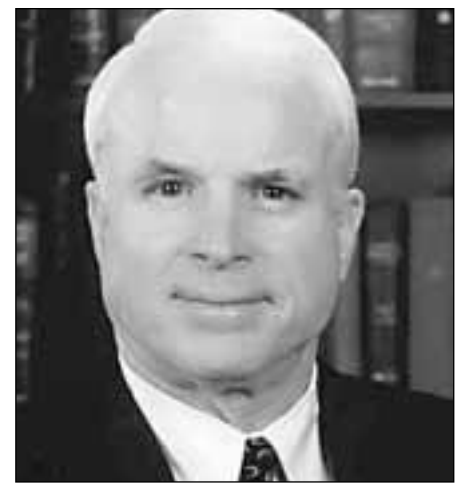
According to Wharton Econometric Forecasting Associates (WEFA), implementation of the Kyoto Protocol would cost 2.4 million U.S. jobs and reduce GDP by 3.2 percent—about $300 billion annually.

Moreover, according to WEFA, American consumers would face higher food, medical, and housing costs, and the average household of four would see its real income fall by nearly $3,000 in 2010 and every year thereafter. Energy and electricity prices would nearly double, and gasoline prices would increase by 65 cents per gallon.

The WEFA findings were largely confirmed in a 1998 analysis by the Clinton Energy Information Administration.

Addressing an Uncertain Hypothesis

Assistant Secretary of Commerce James Mahoney told the Senate Commerce Committee more research is needed before



Senator John McCain

Senator Joseph Lieberman

Congress imposes carbon dioxide caps similar to those contemplated by McCain-Lieberman. Mahoney told the committee the U.S. currently spends about $3 billion a year on climate change research. Despite that outlay, scientists cannot verify the hypothesis that human activity is causing a long-term warming of the planet.

"The America that Senators McCain and Lieberman want us to live in is a poorer country in every sense of the word," said Murray. "People will lose thousands of dollars of income they could use to help their households. [They will] travel less, and may even lose their jobs. Environmentalists who think this is a fair price to pay for their unproven theory that global warming will endanger us might also reflect that the EIA estimates that nuclear power generation will increase by 50 percent.

"If current trends persist," added Murray, "technological progress will have reduced emissions per unit of GDP by 55 percent from 1990 levels by 2025. It might seem wiser to continue along this path, rather than crippling our economy and putting thousands out of work."

James M. Taylor is managing editor of Environment & Climate News. *His email address is* **taylor@heartland.org**.

Inhofe

Continued from page 4

ties, and place the economic advancement of millions of U.S. Blacks and Hispanics at risk."

Among the study's key findings: Kyoto will cost 511,000 jobs held by Hispanic workers and 864,000 jobs held by Black workers; poverty rates for minority families will increase dramatically; and, because Kyoto will bring about higher energy prices, many minority businesses will be lost.

It is interesting to note that the environmental left purports to advocate policies based on their alleged good for humanity, especially for the most vulnerable. Kyoto is no exception. Yet Kyoto, and Kyoto-like policies developed here in this body, would cause the greatest harm to the poorest among us.

Some in this body have introduced Kyoto-like legislation that would hurt low-income and minority populations. Last year, Tom Mullen, president of Cleveland Catholic Charities, testified against S. 556, the Clean Power Act, which would impose onerous, unrealistic restrictions, including a Kyoto-like cap on carbon dioxide emissions, on electric utilities. He noted that this regime would mean higher electricity prices for the poorest citizens of Cleveland.

For those on fixed incomes, as Mr. Mullen pointed out, higher electricity prices present a choice between eating and staying warm in winter or cool in summer. As Mr. Mullen said, "The overall impact on the economy in Northeast Ohio would be overwhelming, and the needs that we address at Catholic Charities in Ohio with the elderly and poor would be well beyond our capacity and that of our current partners in government and the private sector."

In addition to its negative economic impacts, Kyoto still does not satisfy Byrd-Hagel's concerns about developing countries. Though such countries as China, India, Brazil, South Korea, and Mexico are signatories to Kyoto, they are not required to reduce their emissions, even though they emit nearly 30 percent of the world's greenhouse gases. And within a generation they will be the world's largest emitters of carbon, methane, and other such greenhouse gases.

Despite the fact that neither of Byrd-Hagel's conditions has been met, environmentalists have bitterly criticized President Bush for abandoning Kyoto. But one wonders: Why don't they assail the 95 senators, both Democrats and Republicans, who, according to Byrd-Hagel, oppose Kyoto as it stands today, and who would, presumably, oppose ratification if the treaty came up on the Senate floor?

INTERNET INFO

For more information on the science of global warming and economics of measures proposed to address it, visit the ClimateSearch Web site at **http://www.climatesearch.com** and The Heartland Institute's Environment Issue Suite at **http://www.heartland.org**.

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Maine

Continued from page 1

Hampshire, Rhode Island, and Vermont that were implemented independent of the legislative process.

"I am proud that Maine leads the nation in setting responsible climate change goals," said Baldacci. "Maine's law paves the way for others to join us in a responsible approach to address the risks of global warming."

The new law requires the state to create a climate change action plan by July 2004 to reduce carbon dioxide emissions to 1990 levels by 2010; 10 percent below 1990 levels by 2020; and ultimately by as much as 80 percent. The goals are similar to those set by the Kyoto Protocol, which a U.S. Senate resolution rejected by a vote of 95-0 in 1997. Observers say the measure "has no teeth for implementation," but bears watching.

While the specifics of the climate change plan have yet to be determined, it is expected Maine will allow companies that cut emissions below their quotas to sell carbon emissions credits to companies having a more difficult time reaching compliance.

"We're not mandating a command-and-control approach as to how we're going to get these emissions down," said Rep. Ted Koffman (D-Bar Harbor), who sponsored the bill. "It could be that in certain cases a regulatory approach would be the most effective and appropriate way of achieving some piece of our overall goal. In other cases, it may be education or technical assistance that is needed."

High Price to Pay

According to critics of the new law, the state is forcing consumers to pay a steep price for a largely symbolic statement.

According to a study released in March by The Heartland Institute, reaching Maine's 2020 emissions goal is likely to cost the average Maine household more than $6,300 per year in higher-priced goods and services and lost income. The state government could lose more than $400 million in tax revenue each year.

The Pine Tree State's economic suffering will have no measurable impact on climate. Computer models project worldwide implementation of the Kyoto Protocol would reduce global temperatures over the next century by just 0.13º Celsius. By going it alone, Maine will carry the full economic burden of Kyoto while affecting global temperatures in a way far too small to measure.

"Global warming legislation puts state lawmakers on a collision course with ballooning deficits and more budget shortfalls," warned Heartland Institute President Joseph Bast, who coauthored the March study. "Almost all states are facing economic uncertainty right now, and even the worst-case global warming scenarios suggest the benefits of global warming legislation are far outweighed by the cost."

Symbol vs. Substance

Despite the legislation's steep economic price and negligible impact on climate, Baldacci found support for the law from Maine's Congressional delegation.

"The signing of this law should provide impetus for the Senate to consider the Climate Stewardship Act, legislation I cosponsored to establish a cap-and-trade system to reduce (carbon dioxide) emissions," said Republican Senator Olympia Snowe.

Susan Collins, also a Republican, expressed hope the U.S. Senate will take Maine's lead and pass similar legislation at the federal level. "Climate change is a serious and growing threat," said Collins. "The most important thing we can do to combat global warming is to take concrete steps to reduce greenhouse gas emissions. That is why I recently joined Senators Jeffords and Lieberman to introduce the Clean Power Act."

Nevertheless, some state legislators vowed to revisit the law if it fails to be cost-effective.

"When the plan gets reviewed before the (legislative) committee, I will pursue ... what are your cost-effective decisions here," warned Rep. Robert Daigle (R-Arundel), who is also an environmental consultant. "The state doesn't have all the money it wants, so every decision made to pursue something that's not cost-effective is taking money away from a social program, a bridge that needs repair, or something else that's compelling."

James M. Taylor is managing editor of Environment & Climate News. *His email address is* **taylor@heartland.org**.

Ozone Depletion's Lessons for Global Warming

by Ben Lieberman

Depletion of the Earth's ozone layer is slowing, according to a study scheduled for publication in the *Journal of Geophysical Research*.

At a press conference, the scientists who conducted the study hailed their findings as evidence the 1987 Montreal Protocol, the international treaty banning ozone-destroying chemicals, is successfully addressing the threat. "This is proof that the treaty is working," said lead scientist Michael Newchurch.

Others have trumpeted the findings as evidence the Kyoto Protocol, a similarly designed treaty targeting carbon dioxide and other global warming gases, could be equally successful. "The Kyoto Protocol could work as powerfully as the Montreal treaty," said Nobel-laureate Sherwood Rowland, who coauthored the ozone depletion hypothesis in 1974.

No Cause-and-Effect

Stratospheric ozone depletion and the Montreal Protocol do in fact offer lessons that apply to global warming and the Kyoto Protocol ... but those lessons differ from what Newchurch, Rowland, and others have drawn.

The Newchurch study concludes ozone depletion in the uppermost portion of the stratosphere is still occurring, but at a rate somewhat slower than was taking place before 1997. While this trend may be due to the Montreal Protocol, as Newchurch and his colleagues assert, more significant ozone trends unreported by Newchurch lead to a very different conclusion.

The overall news on global ozone levels has been surprisingly good since the early 1990s. According to the World Meteorological Organization's comprehensive *Scientific Assessment of Ozone Depletion: 1998*, "since 1991, the linear [downward] trend observed during the 1980s has not continued, but rather total column ozone has been almost constant at midlatitudes in both hemispheres since the recovery from the 1991 Mt. Pinatubo eruption."

A 2002 update of the WMO report concluded, "global mean total column ozone for the period 1997-2001 was approximately 3 percent below the pre-1980 average values," considerably less severe than the 5 percent depletion

"Ozone depleting chemicals are still increasing slowly in the stratosphere but ozone is no longer depleting—not since 1992,"

Dr. S. Fred Singer

observed in the early 1990s.

The ozone layer has not returned to the historical average level (which itself is an estimate and may be incorrect), but it has been considerably less damaged over the past decade than had been predicted. This trend largely predates any declines in stratospheric concentrations of the compounds banned by the Montreal Protocol. In 1998, the WMO determined "the peak had not occurred" for the chlorine-containing molecules believed to attack the ozone layer. Only in 2002 did WMO report, "observations in the stratosphere indicated that the total chlorine abundance is at or near a peak."

"Ozone depleting chemicals are still increasing slowly in the stratosphere but ozone is no longer depleting—not since 1992," notes Dr. S. Fred Singer, president of the Science and Environmental Policy Project and longtime critic of ozone alarmism.

According to Singer and others, no cause and effect has been established between the past decade's improvements in the ozone layer and the Montreal Protocol. The natural variability of atmospheric ozone concentrations is much greater and considerably less well understood than originally thought. Singer and others suggest the role of man-made compounds is more modest than earlier believed, especially in relation to this natural variability.

Drawing a Different Lesson

Natural variability and the role of man-made emissions are also key elements of the current debate over global warming theory.

The relationship between carbon dioxide emitted during fossil fuel combustion and global temperatures is poorly understood. Extensive research into the global warming phenomenon has raised more questions than it has addressed.

Past assumptions about the planet's "normal" temperatures, on which predictions of man-made warming were based, have given way to a flood of work showing large and unpredictable temperature fluctuations over periods of time both long and short. The National Academy of Sciences has concluded, "the evidence of natural variations in the climate system—which was once assumed to be relatively stable—clearly reveals that climate has changed, is changing, and will continue to do so with or without anthropogenic influences."

For both ozone depletion and global warming, the evidence points to at least some anthropogenic contribution, but we mainly see changes that cannot easily be correlated with man-made emissions and are more plausibly attributable to natural causes.

What some are touting as evidence of a solution to the ozone depletion problem may actually be evidence it wasn't a great problem in the first place. This may prove to be the real lesson for the global warming debate.

Ben Lieberman is director of clean air policy for the Competitive Enterprise Institute in Washington, DC. His email address is **blieberman@cei.org**.

INTERNET INFO

For more information on the impact of state greenhouse gas emission control programs, see *Heartland Policy Study* No. 101, "State Greenhouse Gas Programs: An Economic and Scientific Analysis," issued in February 2003. The Executive Summary, with links to the full report and state-specific analyses, is available online at **http://www.heartland.org/Article.cfm?artId=11559**.

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Pesticide

Continued from page 1

West Nile Kills

West Nile virus and other factors in the natural environment pose greater threats to birds and wildlife than pesticide spraying.

According to the Centers for Disease Control, West Nile virus has killed birds from at least 138 species, including some that are endangered. In the Midwest last year, 400 great horned owls were found dead from West Nile. Researchers estimate that for each dead bird reported, there are probably 100 to 1,000 unreported cases—meaning as many as 40,000 to 400,000 great horned owls may have succumbed to West Nile virus last year alone.

In 2001, anti-pesticide environmentalists claimed data from New York showed more birds were dying from "toxins," including pesticides, than from West Nile virus. Science writer Steven Milloy examined their data and found the toxins killing the New York birds were mostly naturally occurring.

According to Milloy, the New York data recorded the deaths of 3,216 birds. More than one-third of them (1,263) died from West Nile virus, and another 1,100 died from botulinum. The New York data reported 219 pesticide-related bird deaths, of which 30 were from intentional poisonings of pest birds and 100 were from illegal use of pesticides for intentional killing of birds. Just 27 bird deaths were attributed to lawn care products.

More recently, the Audubon Society claimed 80,000 dead birds examined by New York in subsequent years showed that pesticides, primarily lawn care products, killed most of the birds. It is unclear whether Audubon is claiming to have reviewed the data for all 80,000 birds or for only a sample of that population. New York officials have not released the data in any report, nor has any research involving the data been peer reviewed.

The researcher who conducts bird pathology evaluations for New York, who reportedly gave the data to the Audubon Society, has told the press he doubts pesticide spraying will do much harm to birds—at least not as much as does the West Nile virus. The U.S. Environmental Protection Agency says spraying poses a negligible risk to birds.

Aquatic Life Largely Unaffected

Some environmentalists also claim aquatic life is at grave risk from pesticide use. When a massive lobster die-off occurred in Long Island Sound in 1999, environmentalists and lobstermen claimed New York City's malathion spraying had reached the waters and caused the die-off.

The die-off, however, began before New York sprayed, and federally funded research conducted over a period of several years has been unable to link the lobster die-off to pesticides. The University of Connecticut's Dr. Richard French explained in a 2001 report: "There is no quantitative evidence of pesticide toxicity. ... All the indications based on pathological evaluation of the American Lobster in LIS [Long Island Sound] suggest that the mass mortality of lobsters in 1999 was the effect of a natural disease."

Long Island is at the far southern end of the lobsters' range, and the Sound's waters were unusually warm in 1999 and for years before. Researchers speculate the lobsters may have succumbed to natural environmental stresses that made the shellfish more susceptible to parasites and other diseases.

New York's regional problem has not stopped the lobster industry from growing. According to figures from the National Marine Fisheries Service, the biggest national lobster catch occurred in 1999—the year New York suffered its massive die-off. Since 1950, the U.S. lobster catch has been increasing consistently, with occasional "slow" years that have not affected the upward trend.

New York's lobster population is more variable. The average annual lobster catch between 1950 and 1989 was less than a million pounds. The catch increased dramatically in the 1990s, reaching more than three million pounds by 1992 and a pinnacle of more than nine million pounds in 1996. The yields for 1999 (seven million pounds) and 2000 (three million) are higher than for any year before 1990.

While such facts matter little to the anti-pesticide crowd, they are important information for public health officials and other policymakers. Charges that pesticides threaten birds and wildlife have been found repeatedly to be wrong.

Angela Logomasini is director of risk and environmental policy at the Competitive Enterprise Institute. Her email address is **alogomasini@cei.org**.

Solutia Settles Alabama PCB Case

Trial lawyers give in after company warns of bankruptcy

by James M. Taylor

Solutia, Inc. and its parent/predecessor Monsanto have reached a $700 million settlement with citizens of Anniston, Alabama who claimed PCB releases caused an assortment of health problems.

Facing as much as $3 billion in legal and compensatory expenses regarding the Alabama suit and a similar case scheduled for federal court, Solutia warned in its 2003 second-quarter earnings report that it might be forced to file Chapter 11 bankruptcy. Monsanto also faced potential bankruptcy from the suits.

In response to Solutia's bankruptcy warning, trial lawyers representing the federal and state plaintiffs agreed to the $700 million settlement, which will allow both companies to remain in operation.

The settlement removes "an area of great uncertainty for our shareholders and employees related to our contingent liabilities," said Monsanto Chief Executive Officer Hugh Grant.

From 1935 through the early 1970s, Monsanto manufactured PCBs at the 70-acre Anniston site to insulate electrical equipment. PCBs were considered safe at the time of their manufacture, and are still believed to be safe at low levels of exposure. Nevertheless, the federal government banned PCBs in 1979 after studies indicated that high levels of exposure to PCBs cause cancer in laboratory animals.

Owners of property near the site have had their land tested for PCBs, and many joined a class-action lawsuit filed against Solutia, a specialty chemical company that was spun off by Monsanto in 1997 but inherited the parent company's liability for PCB claims.

As of August 11, a jury had awarded $101 million to the first 509 of 907 plaintiffs who claimed property damage as part of the suit. The awards were given even though much of the property registered only trace amounts of PCBs and was upstream of Monsanto's plant, calling into question whether Monsanto was responsible for the PCB contamination. Moreover, Solutia had already spent more than $50 million cleaning up PCBs and has entered into a consent decree with EPA to clean up any other sites on EPA's request.

In addition to the remaining 398 property damages claims, the jury had yet to consider any of the personal injury claims. The settlement addresses those remaining claims.

James M. Taylor is managing editor of Environment & Climate News. *His email address is* **taylor@heartland.org**.

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Ohio, Pennsylvania Put Pressure on Oil and Gas Supplies

States' drilling restrictions exacerbate supply crunch

by James M. Taylor

Directional drilling for oil and natural gas under Ohio's portion of Lake Erie will be banned until at least 2006 as a result of an executive order signed by Republican Governor Bob Taft. The Ohio ban supplements a federal ban due to expire in 2005.

Although Taft signed the order on July 14, nobody outside his administration learned of it until the subject of directional drilling was raised in an August 19 press conference. Critics suggested Taft feared the move would not sit well with fellow Republicans.

The secrecy surprised Democrats as well. "That guy sneezes and he puts out a press advisory," chided House Minority Leader Chris Redfern, a Democrat. "I would think this is something he would be proud of."

Directional drilling for resource recovery under the Great Lakes is more feasible than ever—economically, scientifically, and environmentally—as new technologies allow land-based wells to access submerged oil and natural gas reserves. Drilling from land virtually eliminates the risk of environmental damage to the lakes during the resource recovery process.

Energy experts estimate directional drilling from Lake Erie's Ohio shore could

yield 20 billion cubic feet of natural gas every year. With natural gas prices rising as a result of a recent supply crunch, natural gas recovery could yield significant economic benefits to Ohio citizens. Several petroleum companies had already inquired about obtaining drilling permits prior to Taft's ban.

Opponents of the ban pointed out that widespread oil and gas drilling, from on and off shore, will continue in Lake Erie and other Great Lakes despite the federal and state ban. "They (the Canadians) have drilled right up to the border," observed Thomas Stewart, executive vice president of the Ohio Oil and Gas Association. "They are out there today drilling in Lake Erie."

Pennsylvania May Ban Shallow Wells

The Buckeye State's eastern neighbor is also considering action that would constrict oil and natural gas supplies. The Pennsylvania Department of Conservation and Natural Resources has taken up a forest management plan that would ban construction of new wells in state-owned forests for drilling oil and natural gas.

The proposed ban would have a significant effect on the oil-rich state's budget, which benefits from $2.7 million in direct royalties every year as well as significant tax revenues generated by the energy industry and its employees.

"We're very concerned that this is shortsighted given the budget the state faces and the energy problems the country faces," said Stephen Roads, president of the Pennsylvania Oil and Gas Association. "In light of growing demand, it strikes me as odd for the commonwealth to take a significant resource completely off the market."

Permitting Backlog Constricts Supplies

The Ohio and Pennsylvania bans couldn't come at a worse time for American consumers. According to an August 4 energy analysis by Standard & Poors, natural gas companies are struggling to supply enough energy to meet consumer demand. According to Standard & Poors, depletion rates are near 30 percent in most parts of the country, and existing wells are approaching maximum output.

A major reason for the natural gas shortfall, according to petroleum industry experts, is a growing backlog in permitting requests. Marc Smith, executive director of the Independent Association of Mountain States, reported that permitting applications to drill for oil and natural gas on federal lands in the Rocky Mountains took 84 days to process in 2001, but more than twice as long—175 days—in 2002. Smith pinned most of the blame on "extreme environmentalists and anti-development groups."

Natural gas is unusually plentiful in the Rocky Mountains, said Smith, on lands owned largely by the federal government. The backlog of Rocky Mountain permits has induced energy suppliers to focus their recovery efforts in Oklahoma, Texas, and Louisiana, where less than 3 percent of the land is owned by the federal government. Federal studies show natural gas is twice as plentiful in the Rocky Mountain region as in the other three states.

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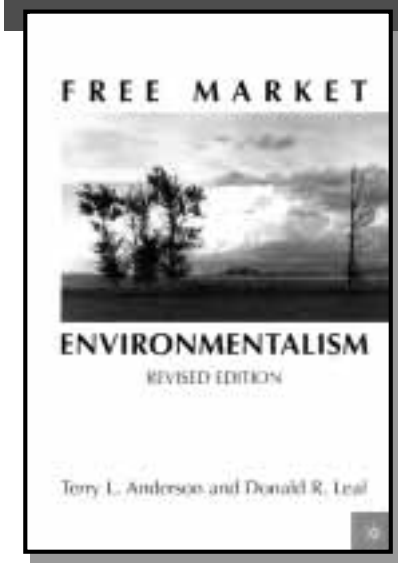

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Bush Moves to Expedite Energy Production

by James M. Taylor

The Bush administration on August 7 announced new policies to streamline the oil and natural gas permitting process on federal lands overseen by the Bureau of Land Management (BLM).

"Our overall objective is to ensure the timely development of these critical energy resources in an environmentally sound manner."

Kathleen Clarke

The BLM has been instructed not to unduly restrict access to oil and natural gas on federal lands. The new policies explicitly direct the BLM to act most expeditiously on permit applications where unnecessary delays could result in the suspension or abandonment of a proposed energy recovery project.

The Bush administration singled out seven geographic areas as a primary focus for the new instructions:

- Colorado's Piceance Basin
- Montana's Thrust Belt
- New Mexico's San Juan Basin
- Utah's Ferron Coal Trend Basin
- Utah's Uinta Basin
- Wyoming's Green River Basin
- Wyoming's Powder River Basin.

According to Reuters, the mean estimate for energy reserves in the focus areas is 5.5 billion barrels of oil and 184 trillion cubic feet of natural gas. Significantly, the natural gas reserves represent more than 800 percent of the nation's annual natural gas consumption.

BLM director Kathleen Clarke assured the media an efficient permitting process can and should work hand-in-hand with environmental responsibility. "Our overall objective is to ensure the timely development of these critical energy resources in an environmentally sound manner," said Clarke.

Even so, "We're anticipating litigation," Interior Secretary Gale Norton told CNBC. "It's just something that we live with at the Department of the Interior."

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COMMENTARY

To Improve Electric Reliability, Put Power in Hands of Shippers

by Jim Johnston

The afternoon of August 14, 2003, the North American continent experienced the largest blackout of electricity ever, and almost immediately, people demanded to know why and how to prevent it from happening again.

The short answer is that the transmission grid became over-loaded and automatically shut down to avoid self-destruction.

The grid as presently configured is not a system of interstate superhighways. In practice, the grid mainly connects locally generated power with local consumers. When the restructuring of electric utilities began in the 1990s, some utilities sold off their generation plants to other companies, and many of those units were peaker plants designed to operate on short notice during periods of high demand in the service areas of local utilities.

During this same time, many large industrial and commercial consumers installed their own emergency generators to carry them through peak demand periods.

Thus, we have a new pattern of generation and consumption that overlies the older locally oriented grid structure. It is a prescription for disaster that promises to persist unless we do something about it.

One Harvard economist, who helped design the failed system in California, suggests a federal takeover of the transmission grid. Two analysts from the libertarian Cato Institute suggest we let the free market find the solution ... without giving us a hint of what that might be.

Models Exist

We can do better than that. We can look at similar systems to see how they handle the relationship between shippers and the owners of the transmission.

One example is the system of interstate oil pipelines, and another is the system of natural gas pipelines in Texas. What these examples of safe and efficient transportation show us is that the operations, rules, and rates are mostly determined by the owners and the shippers, not regulators. Frequently the shippers are also owners of the pipelines on both sides of the deal: Shippers are sometimes producers of oil and natural gas, and sometimes they are large consumers of energy.

Some shippers hold no equity interest in the pipelines, but light-handed regulation guarantees that these nonowners are treated equitably.

At the same time, the ownership arrangements facilitate the proper amount of investment in the maintenance and improvement of the pipeline systems. The very liquid futures and options markets that exist ensure that all consumers and producers are protected from wild price fluctuations regardless of the cause.

And here's the ultimate measure of success: very low cost of transportation.

These features are exactly the ones we would like to have in a new and improved electricity grid. Like the pipelines, the grid has relatively few principals involved in the transmission compared with the potential number of state and local regulators.

Moreover, the principals face long-term relationships with one another. Add to this the possibility of broadening the grid ownership to include new generators, and we can eliminate much of the incentive power producers have to game the system by withholding electric power to drive prices higher.

"[T]o avoid another blackout, we must put the design and operation of the new grid in the hands of the owners who have the competence and incentive to make the system more reliable."

The Texas provision could be adopted to handle complaints. That is, the agreements between the large, sophisticated shippers and owners could be routinely approved by the Federal Energy Regulatory Commission unless there is an unresolved complaint.

Individual residential electricity consumers would be protected from price gouging by individual state regulators who would continue their role in setting residential rates.

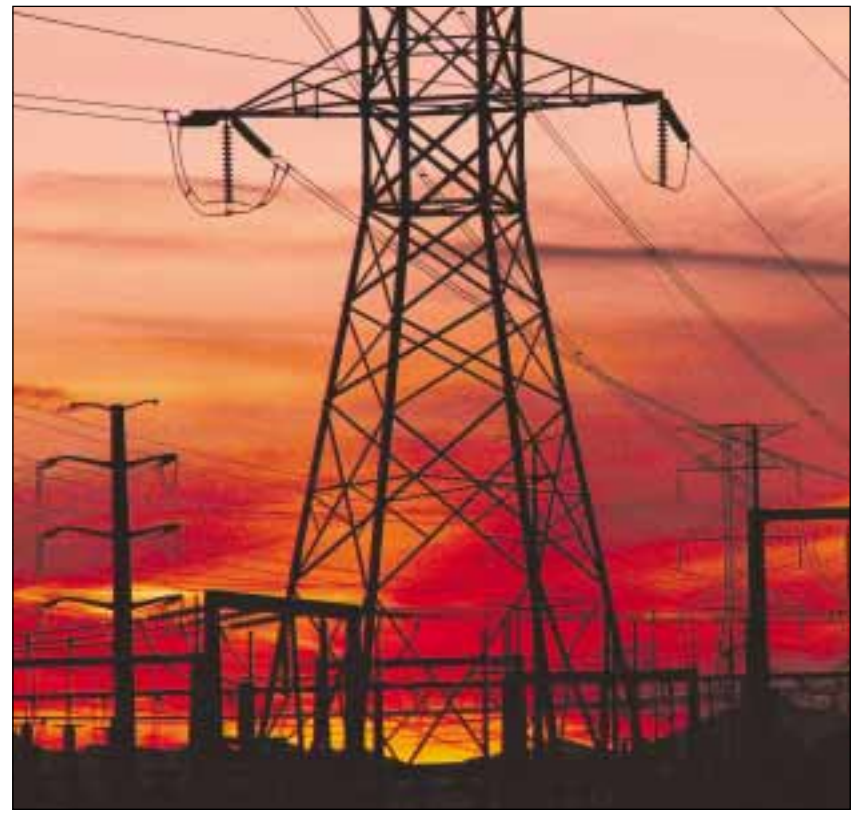
This is not to say that formulating the contracts among principals will be easy. The legal technology will have to be expanded along with the engineering and computer technology. But it is more likely to be developed successfully if regulatory agreement is not required at every small step.

No one likes to live in the dark, so to avoid another blackout, we must put the design and operation of the new grid in the hands of the owners who have the competence and incentive to make the system more reliable.

Jim Johnston is a policy advisor to The Heartland Institute and a retired Amoco economist. His email address is **JamesLJohnston@cs.com**. *This commentary first appeared in the September 2, 2003 issue of the* Chicago Sun-Times.

Blackout Has Washington Considering More Regulation

Reliability standards may become mandatory, states skeptical



by James M. Taylor

In the wake of the August 14 northeastern blackout, momentum is building for mandatory federal electric reliability standards.

"For many years, the reliability of electricity in America depended on companies observing voluntary standards to prevent blackouts," said President George W. Bush in an August 21 speech in Redmond, Oregon. "I don't think those standards ought to be voluntary.

"I think they ought to mandatory," Bush continued. "And if there's no reliability backup for electricity, there ought to be a serious consequence for somebody who misuses the public trust. And Congress needs to have that in a law."

The competing House and Senate energy bills each have electricity reliability provisions. Making such provisions mandatory will require some reworking of the bills in a joint conference.

Many power companies share Bush's support for mandatory standards.

"As long as industry was active in the development of national reliability standards, I don't think we would have a problem with that," said Van Wardlaw, vice president of electrical operations for the Tennessee Valley Authority.

"The electric utility industry recognizes the crucial importance of reinforcing the reliability of what we believe is the best electric power system in the world," said Tom Kuhn, president of the Edison Electric Institute. "While there is clearly no single magic bullet to achieve this, we believe strongly that House and Senate lawmakers have an unparalleled opportunity to craft a final legislative product that contains critically important steps to help ensure electric system reliability and transmission capacity."

"We stand firmly in support of mandatory reliability standards with a compliance and enforcement component and FERC oversight," added Jack Hawks of the Electric Power Supply Association.

Reaching consensus on the specifics of any new standards, however, may prove difficult.

"There's a real danger of a stalemate," said Kentucky Governor Paul Patton (D) at the National Governors Association annual meeting in Indianapolis. "Every part of the nation has a different perspective on it. This will be a real test of our ability as a nation to figure out how to get by this problem."

The push in Washington for federal standards is also meeting resistance at the state level.

"The concern the governors have about the recent blackout is that it may prompt the federal government to think there needs to be a federal solution to this energy issue as it relates to transmission," said Iowa Governor Tom Vilsack (D). "Governors do that role."

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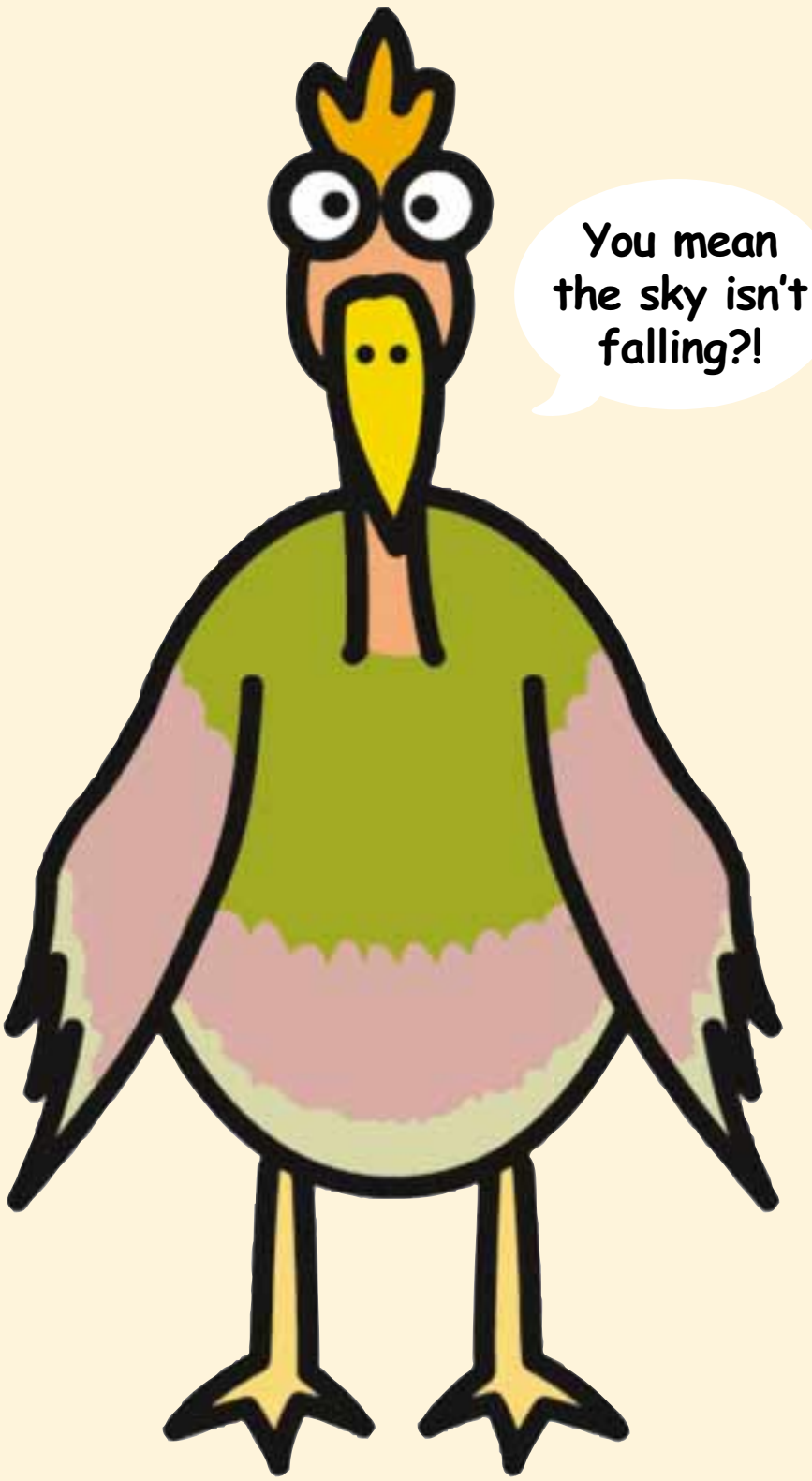
Energy Realism Is Overtaking Energy Alarmism

by Robert Bradley



In the 1970s and 1980s, energy policy debates in the U.S. were mostly over the regulation of oil and natural gas prices and allocation. Energy shortages and price spikes led many to adopt an "energy-is-bad, energy conservation is good" position.

In the early 1990s, the energy policy debate shifted to energy "sustainability." Depletion, pollution, reliability (security), and anthropogenic (man-made) climate change are the four sustainability issues. The last, climate change, is by far the most important of the four for the future of carbon-based energies.

Where does the energy sustainability debate stand as of mid-2003? The intellectual momentum has shifted to the *optimists* who see environmental progress as the norm and who believe that the market's improvement process will effectively solve new problems along the way.

What has changed to mute energy alarmism? Six trends have been especially important.

1 Eco-Energy Planners No Longer in Power

First, the end of the Clinton/Gore era has taken the eco-energy planners out of the seat of power and put them on the sidelines where few outside of their choir are listening. Gone is the Gore-led President's Council on Sustainable Development, which marginalized the opposition—the sound science, realism-based, free-market environmentalists. Instead, Bush and Cheney released their *National Energy Policy: Report of the National Energy Policy Development Group* (May 2001), which set a pro-development tone for the "official" debate. High oil and gas prices since then have also added momentum to the cause of resource and infrastructure development over conservationism.

Where did the leaders of eco-energy interventionism go? Tapping into a huge reservoir of funding from such left-of-center foundations as Rockefeller, Turner, MacArthur, Packard, and Pew, they are scattered around at different "green" groups. In particular, they are administering and advising two energy groups in their political exile:

■ The Energy Future Coalition (**www.energyfuturecoalition.org**). Its White Paper on a new energy future concludes, "We aim at ambitious but achievable goals: cutting U.S. oil consumption and carbon emissions by a third from current levels over the next 25 years, and sharply increasing access to modern energy services in the developing world."

This CO2 reduction target is more draconian than the Bush-rejected U.S. obligation under the Kyoto Protocol of 7 percent below 1990 levels. It is drastically below the "business as usual" forecast from the U.S. Energy Information Administration (EIA)—a 42 percent increase (1.5 percent per year) in CO2 emissions from 2000 to 2025. Oil usage, meanwhile, is forecast by the EIA to grow 1.6 percent per year, or 47 percent in the same 25 years.

This indeed would be a new energy future—and one that would require extensive government planning and redirection of today's consumer-driven energy sector. Energy rationing would be a likely result.

■ The National Commission on Energy Policy (**www.energycommission.org/about/**). Co-chaired by Harvard environmentalist John Holdren, it will release its study in late 2004 or early 2005. Expect no surprises. There will be alarms about carbon dioxide emissions with recommendation of a plethora of activist policies to forcefully redirect energy sources away from carbon fuels and reduce total energy usage.

Consumers are not buying into energy alarmism from these energy scare groups. The public wants affordable, reliable, plentiful energy today and tomorrow. No amount of private foundation money will change this—so long as the climate and energy realists document the facts and present them in terms of common-sense free-market principles to the public, industry, and other groups.

"The intellectual momentum has shifted to the *optimists* who see environmental progress as the norm and who believe that the market's improvement process will effectively solve new problems along the way."

2 Doomsayers Have Been Exposed

A new voice, Björn Lomborg, has exposed the shaky intellectual foundations of doom-and-gloom environmentalism in a way that has captured international media interest. Julian Simon could not do this in his lifetime, but Lomborg—who originally set out to refute Simon but ended up agreeing with him after intensive investigation with a working group—has done so!

The Lomborg phenomenon began with his book, *The Skeptical Environmentalist: Measuring the True State of the World* (Cambridge University Press, 2001), which received favorable publicity in such quarters as the *New York Times* and *Washington Post* as well as other publications around the world. The doomsayers ignored the book at first (their strategy is to assert, not debate) but suddenly found themselves losing out by their silence.

A spate of vitriolic attacks on Lomborg followed, despite his affable, scholarly demeanor and politically correct credentials as a former member of Greenpeace, vegetarian, and openly gay.

The media's reaction to Lomborg has forced his critics to come to the intellectual table to refute him with facts and

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theory. Cracks of dissent have opened among the liberal environmentalists' ranks. A well-known European climate alarmist, Michael Grubb, wrote in a book review for *Science* magazine, "To any modern professional, it is no news at all that the 1972 *Limits to Growth* study was mostly wrong or that Paul Ehrlich and Lester Brown have perennially exaggerated the problems of food supply."

Contrary to Grubb's assertion, it is *big news* that an environmental alarmist should acknowledge the flaws in work published by Ehrlich and Brown, two of the most revered names in the environmentalist movement.

In the face of that statement, what do Lomborg's critics do—attack Grubb, stay silent and lick their wounds, or prominently announce, as Laurel did to Hardy, "I'm better now"? They stayed silent. Still, the monolithic front of intellectual environmentalism is under severe pressure thanks to Lomborg.

3 Heightened Concern over Third-World Poverty

Poverty from a lack of modern energy and clean water has been elevated to a major international sustainability problem, reducing the urgency of addressing perceived long-run problems such as man-made climate change. Real development, not "sustainable development" as defined by western environmentalist groups, gained the upper hand at the United Nations' World Summit on Sustainable Development held in Johannesburg last year. And it has continued this way, thanks in part to the influence of Lomborg.

Development as a competing environmental paradigm is the major theme of a new book by Jack Hollander. *The Real Environmental Crisis: Why Poverty, Not Affluence, Is the Environment's Number One Enemy*, takes false alarmism to task and urges that the environment can best be improved by focusing on real, here-and-now problems like poverty in the Third World. Hollander is professor emeritus of energy and resources at the University of California at Berkeley, a bastion of energy and climate alarmism. His book is another signal that major changes are afoot.

Science, the flagship publication of the American Association for the Advancement of Science, whose members compose the environmental science community, is prone to views expressing energy and climate alarmism. Yet a December 6, 2002 editorial, titled "In Praise of Petroleum?" asked an obvious question:

> Does it make sense to ask the poor to take on novel devices and fuels that have never been tried elsewhere? Rather than excluding petroleum, some of this one-time gift from nature ought actually to be reserved to help fulfill our obligation to bring the health and welfare of all people to a reasonable level: an essential goal of sustainable development, no matter how defined.

4 Even Alarmists Are Facing Reality

Climate and energy realities are breaking through in mainstream analysis, further cracking the anti-carbon environmentalist cartel. A major study published in *Science* by 18 authors, "Advanced Technology Paths to Global Climate Stability: Energy for a Greenhouse Planet," forthrightly concluded that the technology does not exist to shift from carbon energies to low-carbon ones. The mass quantities are not available, and what supply there could be cannot be produced at an acceptable cost to society.

"Revolutionary changes in the technology of energy production, distribution, storage, and conversion" are required, changes that "cannot be simply regulated" into being. This view, authored within the energy-alarmist community, contradicts the mantra of environmental groups that are urging more and more short-term regulation and subsidies for renewable energy and energy conservation to address what they see as the carbon problem.

The same study takes the wind out of the Kyoto Protocol:

> Paradoxically, Kyoto is too weak and too strong: Too strong because its initial cuts are perceived as an economic burden by some (the United States withdrew for this stated reason); too weak because much greater emission reductions will be needed and we lack the technology to make them.

5 Side Effects of Renewables Split the Environmental Movement

Discontent with politically correct renewable energies, particularly wind power, is beginning to set in among anti-development environmentalists. A June 5 *New York Times* article, for example, reported proposed U.S. wind farm projects have created "huge turbulence with the environmental movement." The article continued,

> The growing [wind] industry has caused a kind of identity crisis among people who think of themselves as pro-environment, forcing them to choose between the promise of clean, endlessly renewable energy and the perils of imposing giant man-made structures on nature.

A highly publicized debate over a proposed 420 megawatt project off the coast of southern New England (powered by GE turbines that stand 100 meters tall on land and up to 75 meters when offshore) has pitted local environmentalists against their national brethren. Asks one writer for *Renewable Energy World*: "Will the real environmentalist please stand up?"

6 Seeking Relevance in the Center

The sixth, and by no means least important, trend causing the country's movement away from energy alarmism is the intellectual left's overall shift toward the center, in a quest for policy relevance.

Consider the transition being made by John Holdren, holder of the Teresa and John Heinz professorship in environmental policy at Harvard University. In the 1970s Holdren, along with Paul and Anne Ehrlich, wrote:

> A massive campaign must be launched to restore a high-quality environment in North America and to de-develop the United States. ... Resources and energy must be diverted from frivolous and wasteful uses in overdeveloped countries to filling the genuine needs of underdeveloped countries. This effort must be largely political.

Such a view if stated today would rupture Holdren's standing as a collaborator in the energy policy debate. Instead Holdren opens his 2000 "Memorandum to the President" with this statement: "A reliable and affordable supply of energy is absolutely critical to maintaining and expanding economic prosperity where such prosperity already exists and to creating it where it does not."

"The media's reaction to Lomborg has forced his critics to come to the intellectual table to refute him with facts and theory. Cracks of dissent have opened among the liberal environmentalists' ranks."

This sea change gives moral sanction to energy as an improving consumer product, not just a political product in the quest for "sustainability." Such pragmatism is by no means limited to Holdren. Al Gore contradicted the energy policy outlines of his book, *Earth in the Balance*, when he stated on the campaign trail for the U.S. Presidency in 2000:

> I think we need to bring gasoline prices down. . . . I have made it clear in this campaign that I am not calling for any tax increase on gasoline, on oil, on natural gas, or anything else. I am calling for tax cuts to stimulate the production of new sources of domestic energy and new technologies to improve efficiency.

More Work to Do

This is not to say that the battle between anti-growth alarmists and free-market realists is about to be won with direct political ramifications. There are a number of negative trends that require the best efforts of the climate and energy realists to turn the great climate and carbon alarm into just a shrill noise that gets lost in the night. But it does suggest that energy realists are winning in ways that have not occurred before.

What work remains to be done? Energy alarmism is being used as a tool to try to portray Republicans and President Bush as anti-environment. Yet carbon dioxide constraints on energy are anti-consumer, particularly to lower-income consumers. The premier energy-environmental think tank, Resources for the Future (RFF), speaks with one voice for regulating carbon dioxide despite a solid intellectual case for keeping the lid closed on this Pandora's Box. RFF should stop speaking with one voice on such a two-sided issue or be held accountable when regulation begins and the highly predictable negative consequences follow.

By engaging in climate alarmism, European-based major oil companies have given false sanction to the intellectual and political left and opened themselves to charges of "greenwashing" given their massive, growing hydrocarbon operations. Meanwhile, their paltry investments in wind and solar are proving to be financially underperforming.

Finally, the Bush administration is proving too timid to officially reject government-sponsored programs for voluntary greenhouse gas reductions—programs that are likely to create the institutions and incentives to result in mandatory programs later on. Being "a little pregnant" is not a strategy that can last.

Overall, the debate over energy and climate alarmism is winnable for the proponents of energy and climate realism. Even in a worst-case situation where the U.S. adopts carbon dioxide (CO_2) regulation, the program(s) will be so messy and watered down that virtually everyone will be left unsatisfied. There will be higher energy prices and gross inefficiencies reminiscent of earlier abandoned regulatory schemes. There will be a pound of corporate welfare for every ounce of real emission reductions, giving corporate critics on the Left plenty to lament.

More urgent environmental priorities will be left with fewer resources. In short, virtually everybody will be worse off except for a small intellectual elite. Proponents of energy policy activism must ask themselves: Is this worth fighting for?

Robert Bradley is president of the Institute for Energy Research in Houston and an adjunct scholar of the Cato Institute. He received the Julian Simon Memorial Award for 2002 and is author, most recently, of Climate Alarmism Reconsidered, *published by the Institute of Economic Affairs in London.*

INTERNET INFO

Robert Bradley's *Climate Alarmism Reconsidered* is available for purchase for $5.00 from The Heartland Institute. Order from The Heartland Institute's online store at **http://www.heartland.org**.

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Abundant Reserves Show Petroleum Age Is Just Beginning

by David Deming

It is difficult to imagine how our grandparents and great-grandparents lived at the end of the nineteenth century. The United States was still largely a rural society, and the amenities we take for granted today were unknown then.

Most people lived on farms. Few Americans had running water, hot water, bath tubs, or flush toilets. Central heating, electricity, and telephones were rare. There were no antibiotics. Infant mortality was high, and life expectancy was 30 years lower than it is today. For most people, educational opportunities were very limited. In 1890, only 5 percent of the eligible population attended high school.

"The cheap energy provided by abundant oil allowed the U.S. to transform itself from a rural, agrarian country into an urban, industrialized nation."

In the year 1900, there were only about 8,000 automobiles in the entire country. Horseless carriages, like yachts, were a toy for the rich to enjoy. People knew there would never be enough gasoline to power a nation of automobiles because the output of the Pennsylvanian oil fields had been declining for years.

Spindletop Well Transforms U.S.

The seminal event that transformed the United States into an industrial and technological powerhouse occurred on the morning of January 10, 1901, near Beaumont, Texas. A wildcat oil well on a location named Spindletop erupted into a geyser 100 feet high. It was the greatest oil well ever seen in the United States.

Over the next year, production from the Spindletop well equaled the production of 37,000 typical oil wells in the eastern U.S. Overnight, the price of oil dropped to 3 cents a barrel, recovering to 83 cents a barrel two-and-a-half years later. The cheap energy provided by abundant oil allowed the U.S. to transform itself from a rural, agrarian country into an urban, industrialized nation. Along the way, the prosperity of our society increased manyfold.

Petroleum continues to be the lifeblood of our civilization. In the U.S., our entire way of life depends on the energy provided by the oil industry. Oil and natural gas are by far the most important energy sources for the world.

Technology Prevails

And the age of petroleum has only just begun. For more than 80 years, geologists' estimates of the world's endowment of oil have risen faster than developers can pump it out of the ground. In 1920, the U.S. Geological Survey estimated just 20 billion barrels of oil remained in the world. By the year 2000, the estimate had grown to 3,000 billion barrels.

Every year, technological advances make it possible to draw upon petroleum resources whose extraction was once unthinkable. We can now drill wells up to 30,000 feet deep. The amount of oil that can be recovered from a single well has been enhanced by a technology that allows multiple horizontal shafts to be branched off from one vertical borehole. The ability to drill offshore in water depths of up to 9,000 feet has opened up the vast petroleum resources of the world's submerged continental margins.

The world also contains immense amounts of unconventional oil resources that we have not yet begun to tap. Tar sands found in Canada and South America contain 600 billion barrels of oil, enough to supply the U.S. with 84 years of oil at the current consumption rate. Worldwide, the amount of oil that can be extracted from oil shales could be as much as 14,000 billion barrels—enough to supply the world for 500 years.

Oil is cheap, abundant, and clean. Dramatic improvements in our quality of life over the past two centuries can be traced back to the energy provided by the petroleum industry. Without that energy, and the technological advances that make its recovery possible, life in the U.S. would be short, dark, and impoverished.

David Deming is an adjunct scholar with the National Center for Policy Analysis and associate professor of geology and geophysics at the University of Oklahoma. *Copyright 2003 David Deming; reprinted with permission.*

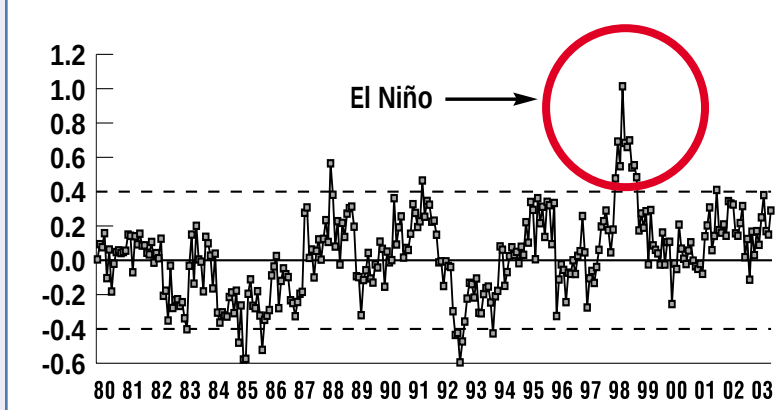
GLOBAL SATELLITE TEMPERATURES

EARTH TRACK

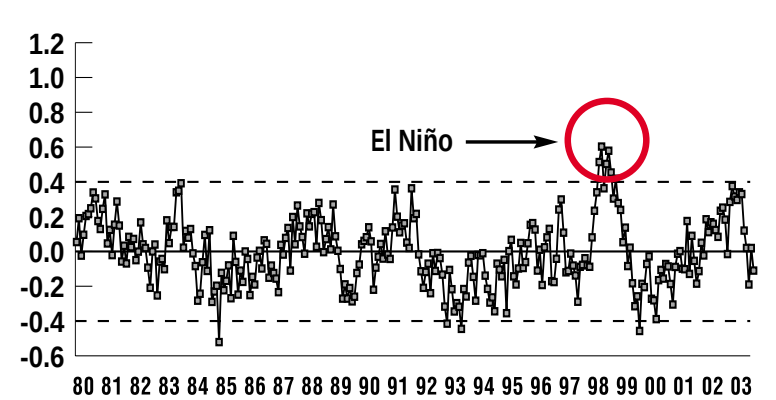
JUNE 2003

The global average temperature for June, shown on page 1, was 0.01˚C below normal. The Northern Hemisphere's temperature departure, shown below, was 0.167˚C above normal; the Southern Hemisphere's was 0.19˚C below normal.

NORTHERN HEMISPHERE



SOUTHERN HEMISPHERE



Each month, Earth Track updates the global averaged satellite measurements of the Earth's temperature. These numbers are important because they are real—not projections, forecasts, or guesses. Global satellite measurements are made from a series of orbiting platforms that sense the average temperature in various atmospheric layers. Here, we present the lowest level, which climate models say should be warming. The satellite measurements are considered accurate to within 0.01°C. The data used to create these graphs can be found on the Internet at http://vortex.nsstc.uah.edu/data/msu/t2lt/tltglhmam_5.1.

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Rail

Continued from page 1

There is little debate with respect to some systems. There is so much auto-competitive rail service to Manhattan and Chicago's Loop, for example, that the automobile is a second or even third choice. Never mind that operating and capital costs are far higher than necessary, and that use of competitive solutions would make even more services available. And, of course, there is a dearth of transit service between suburban locations, such that few suburban commuters who own cars use transit.

Profitable Japanese Systems

There are two places in the world where rail's success is not accompanied by excess costs and is felt throughout the urban area: Tokyo (Tokyo-Yokohama) and Osaka (Osaka-Kobe-Kyoto).

Violating the old transit myth that there are no profitable systems, data from the Union of International Public Transport (the international equivalent of the American Public Transportation Association) indicate both systems earn annual profits of approximately 30 percent over operating *and* capital expense.

In both urban areas, most service is provided by historic private suburban rail (commuter rail) companies that operate their own lines and share tracks with municipally owned subway systems. In addition, privatized units of Japanese National Railways (JNR) provide a large share of the travel. The municipally owned urban bus, rail, and monorail systems receive small subsidies, sometimes only for capital.

In Tokyo, with 33 million people (1.5 times metropolitan New York), 57 percent of travel is on public transit, with more than 80 percent of travel on the private railways (historic suburban and JNR East). Total travel is approximately 2.5 times total U.S. transit travel.

Smaller Osaka is just as impressive. The area's 17 million residents (approximately the same number as in metropolitan Los Angeles) use transit for 60 percent of their travel. Total transit travel is 1.3 times that of all transit in the United States combined. Again, more than 80 percent of travel is on the private railroads (historic suburban and JNR West).

By comparison, New York has the nation's highest transit market share at under 10 percent. Chicago is under 4 percent, Portland and Los Angeles are under 2 percent, and Dallas and Phoenix are below 1 percent.

Costly, Slow Japanese Auto Travel

Why is transit so much more successful in Japan than in the United States? There are a number of factors.

- Historically, much lower personal income in Japan kept automobile ownership at lower levels, so transit demand is higher.
- Unlike U.S. and Western European transit systems, profitability makes the transit systems of Japan sustainable. Westerners have yet to learn that massive subsidies are not the path to larger transit market shares.
- Urban expressways in Japan require heavy tolls—something generally not found either in the United States or Western Europe.
- The suburban rail systems in Japan also operate thousands of buses (more than 10,000 in Tokyo and 2,500 in Osaka), which circulate through neighborhoods and deliver people to the rail stations.
- Downtown employment in the Japanese cities is far greater than in the U.S. The Tokyo Yamanote Loop has double the employment of Manhattan, while the Osaka Loop has three times the employment of Chicago's.
- The suburban rail systems of Japan were built concurrently with or ahead of the suburban sprawl (both Tokyo and Osaka sprawl extensively), and system upgrades were made to maintain their superior speeds. The dense mesh of service provided by these systems is simply not to be found in the West.

All of these factors have played an important role in the success of Japanese transit. But the principal reason for the success of the Tokyo and Osaka systems is their competitiveness with the automobile.

Average transit speeds in Tokyo and Osaka are 1.5 times that of the automobile. In both places, traffic intensities are well above that of Los Angeles, the worst in the U.S. Neither Japanese urban area has the high-quality roadway system of Los Angeles to handle the demand (though the Japanese roadways do compare well with Atlanta).

Even if the necessary trillions of dollars could be found to superimpose the Japanese transit systems on U.S. urban areas, they would be far less automobile-competitive here than they are in Japan. On average, urban traffic speeds in the U.S. are at least double that of Tokyo and Osaka.

Profit Motive Cushions Falling Market Share

Japan's third largest metropolitan area, Nagoya, has nearly 10 million people (similar in size to Chicago). Its transit system is similar to those in Tokyo and Osaka—extensive and profitable. Since 1975, public transit's market share in Nagoya has fallen 45 percent, to approximately 25 percent, comparable to Western European rates.

Smaller market share losses, but losses nonetheless, have been reported in Tokyo (16 percent) and Osaka (19 percent). Still, the large Japanese systems are not likely to experience the hemorrhaging losses that have accompanied the private monopoly systems of the United States, principally because the profit motive makes the Japanese systems inherently sustainable.

The bottom line is that rail can be successful throughout an urban area where the conditions are right, as they are in Tokyo and Osaka. But Phoenix, Portland, Perth, and Paris are neither Tokyo nor Osaka ... and they never will be.

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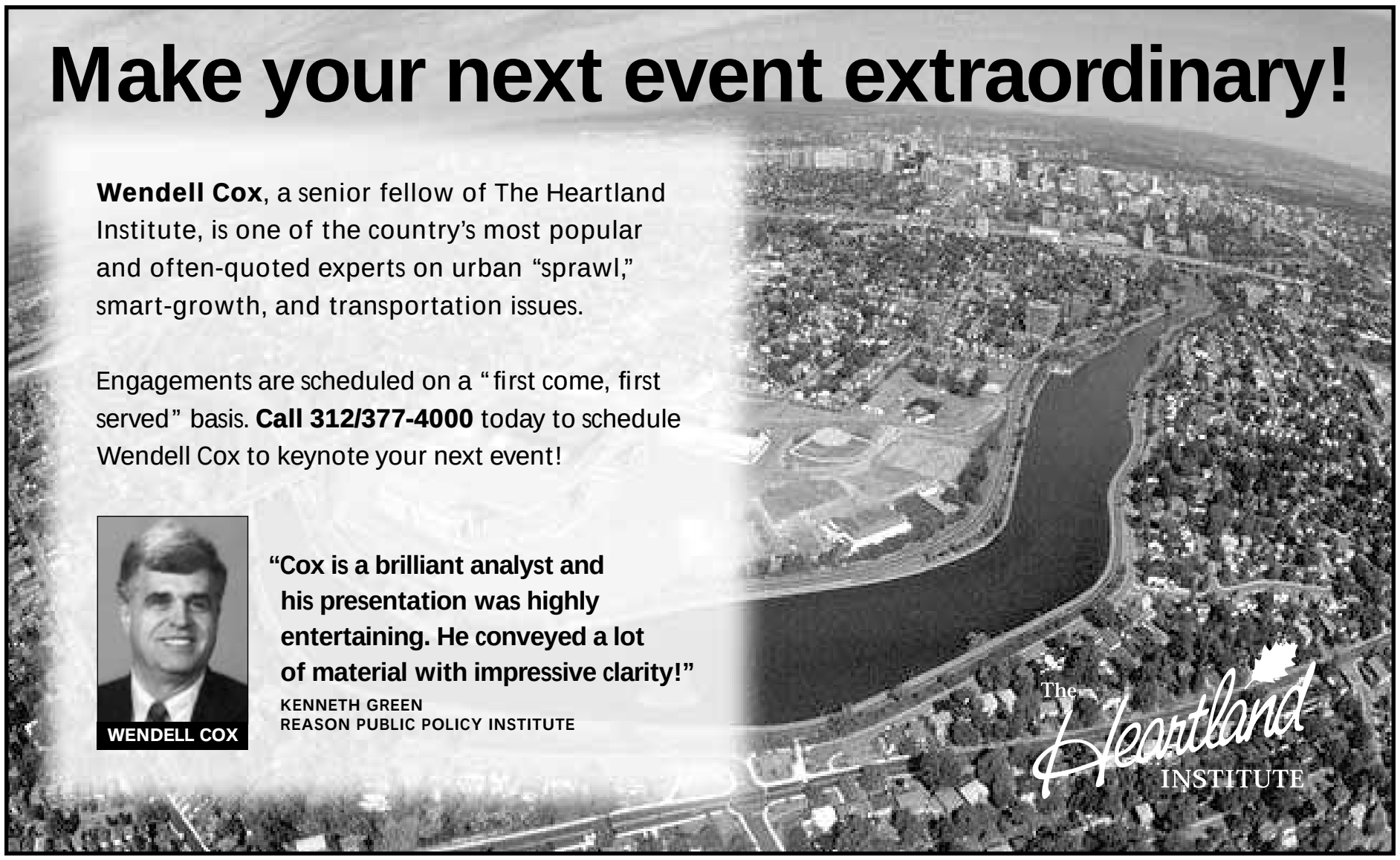
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Automakers Drop Challenge to California Zero Emission Rules

Recent changes give automakers more flexibility

by James M. Taylor

Recent changes in California's Zero Emission Vehicle (ZEV) program have induced General Motors, Daimler-Chrysler, and other automakers to drop a federal lawsuit challenging the program. The automakers announced their decision on August 12.

According to the California Air Resources Board (CARB), automakers will no longer be required to produce a fleet of unpopular, low-horsepower battery-powered cars for Californians. In 1990, automakers were informed that by this year 10 percent of the cars they sold in California had to be battery-powered and completely emissions-free. In 2001, CARB announced automakers could count gasoline-battery hybrids toward the requirement, but few consumers have chosen to purchase even these vehicles. CARB has since lowered the ZEV quotas from 10 percent to 1 percent.

Last year, a federal district court sided with automakers and issued a preliminary injunction against California's enforcement of the ZEV program. The court found the program, as an attempt to regulate fuel economy, unlawfully intruded upon a matter of federal policy. California's appeal of the decision was under review by the Ninth Circuit Court of Appeals before the automakers dropped their suit.

Willing to Compromise

Under CARB's most recent ZEV revisions, auto manufacturers must produce at least 250 hydrogen fuel cell vehicles, tens of thousands of gasoline-battery hybrids, and hundreds of thousands of ultra-low emission cars by 2008. Quotas will rise over time.

"The new rules provide much more flexibility for manufacturers to use various technologies" to meet the ZEV requirements, said General Motors spokesperson David Barthmuss. "We basically can live with them."

"We don't agree with the concept of mandated approaches in automotive technology," added Barthmuss. "But we do agree that the modified 2003 zero-emission vehicle regulation may provide the flexibility that we need and were looking for."

CARB had decided in July to expand its credit system to include a wider variety of hybrids that produce few emissions. That concession played an important role in the automakers' decision to drop their suit. "One thing we've been working hard on is getting credit for all the things we do," explained Elizabeth Lowery, General Motors' vice president for the environment and energy.

General Motors has produced numerous prototypes of low-emission vehicles, including a gasoline-battery hybrid Saturn Vue sport utility vehicle, scheduled for the 2005 model year. The key test of the vehicles' viability will take place in the marketplace, as consumers decide whether to buy them.

The auto manufacturers' move was met with skepticism by environmental activist groups who have supported the ZEV program.

"The fact that they're backing away on the lawsuit, I think it's optimistic to say that they're embracing a robust environmental stance," said Jim Kliesch, a research associate for the American Council for an Energy Efficient Economy.

CARB Chairman Alan Lloyd was more optimistic. "Given the fact that General Motors and DaimlerChrysler, the companies with the most concern about the regulation, have come to agreement, I'm hoping it spells a new era of working more effectively together," he said.

The automakers continue to contemplate a challenge to California's greenhouse gas program, enacted in 2002 as the nation's first law limiting carbon dioxide emissions from automobiles. Like the ZEV program, the greenhouse gas law raises concerns over state intrusion into matters reserved for federal policymakers.

General Motors

General Motors

General Motors

GM's hydrogen fuel cell-powered truck, H2O (top); electric-powered car, EV1 (bottom left); and gasoline/electric hybrid-powered car, Precept (bottom right).

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EPA Finalizes New Source Review Rules

by James M. Taylor

The Environmental Protection Agency's proposed adjustments to the New Source Review rules of the Clean Air Act have received final approval, acting EPA Administrator Marianne Horinko announced on August 27. The announcement ended a month-long reconsideration process and two-year debate within EPA about how to most effectively enforce the nation's clean air laws.

The Clean Air Act requires power companies to install the best available pollution control technology when building or upgrading a plant. Minor upgrades falling under the category of routine maintenance are exempt from the requirement.

Under the old NSR rules, companies were often uncertain as to whether the federal government would consider contemplated investments in maintenance and repair to be significant enough to require the purchase and installation of new anti-pollution equipment. As a result, routine maintenance was frequently delayed or cancelled altogether, resulting in inefficient energy production and increased pollution. Those companies that did perform routine maintenance frequently found themselves being sued by the federal government.

Twenty Percent Threshold

The new NSR rules clarify when the government expects power plants to purchase and install new anti-pollution technology.

Power plants are not required to purchase and install the most advanced technology when they replace equipment, provided the cost of the replacement equipment does not exceed 20 percent of the cost of replacing the plant's essential production equipment, and provided the replacement equipment is the "functional equivalent" of the worn-out equipment.

The creation of a fine-line rule was welcomed by industry officials, who would rather know in advance of routine maintenance what the law does and does not require.

"It's extremely important and a good sign if there's going to be a percentage allowance," said Scott Segal, executive director of the Electric Reliability Coordinating Council (ERCC).

"This on the whole is a favorable development for electrical reliability and routine maintenance," agreed Quin Shea, a senior official with the Edison Electric Institute. "I can assure you there are a lot of companies that held back on what we consider routine maintenance out of fear of triggering New Source Review actions."

"I think it will provide more fairness and predictability for facilities," Horinko stated in announcing the new rules. "We're hoping to provide a bright line of clarity on the national level that you can't get from the scattershot approach."

EPA's announcement did not, however, please everyone. Attorneys general from 13 states filed suit in federal court on August 20 seeking an injunction against implementation of the new rules, which will significantly reduce the amount of money states can win in compliance lawsuits against power plants. The suit contends EPA did not provide an adequate public comment period before formulating the new rules.

The ERCC's Segal disagreed. EPA worked on the new rules for more than a year before reaching a final version, he pointed out, demonstrating the agency "has proceeded with an abundance of caution."

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Leavitt to head EPA

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San Rafael Swell as the nation's largest National Monument. Activist groups also praised his opposition to a plan that would have allowed Goshute Indians to store nuclear waste on reservation territory in Utah.

"I'd call him a real leader in the West to address regional air issues and protect our national parks, and he deserves credit for that," said Fred Krupp, president of Environmental Defense.

"He provided good leadership," said Rick Moore of the Grand Canyon Trust. "He has done an extremely balanced job of trying to handle the tough issues regarding Utah's public lands."

Leavitt also has earned Bush's trust as someone who believes the federal government should cooperate with the states and local communities rather than dictating from Washington. Leavitt has criticized Republicans as well as Democrats who fail to include states and local communities in the federal decision-making process.

"Consensus Builder"

Industry officials applauded the President's choice. The U.S. Chamber of Commerce praised Leavitt as "a recognized consensus builder" who is "committed to keeping balance in the nation's environmental policies."

"Leavitt also has earned Bush's trust as someone who believes the federal government should cooperate with the states and local communities rather than dictating from Washington."

Thomas Kuhn, president of Edison Electric Institute, described Leavitt's management style as one that "stresses collaboration of all stakeholders in policymaking, which helps break down barriers to resolving highly charged environmental issues."

"His genuinely federalist approach will return primary responsibility for environmental law implementation and enforcement back to the individual states—pursuant to programs approved by the EPA—who know their own particular needs and circumstances better than Washington does," said Jeffrey Marks, director of air quality for the National Association of Manufacturers.

"Governor Leavitt understands history's immutable lesson that significant environmental improvements occur only when an economy is vital and growing," Marks added. "Environmental quality and economic prosperity are not in competition with each other, they are complementary—bound at the hip—and must be treated that way for either to be successful."

The nation's governors, meeting in Indianapolis at the time of the announcement, offered bipartisan support for their colleague.

"Mike Leavitt is as reasonable and as intelligent a person as you'll ever meet," said Democratic Governor Brad Henry of Oklahoma. "I can certainly work with him."

"We would do whatever we can to get him confirmed," added Republican Governor Mike Johanns of Nebraska.

Opposition Ahead

Despite the broad praise for Leavitt and his environmental credentials, some activist groups and their congressional allies have indicated they will oppose the nomination and use Leavitt's confirmation process as a platform for attacking the President's record on the environment.

"While none of us should be surprised that President Bush has chosen someone who has a record of working to undermine national environmental protections, the truth is that we aren't going to have a real commitment to the environment until we have a new President," said Democratic Senator and Presidential hopeful John Kerry of Massachusetts.

Fellow senator and candidate Joe Lieberman (D-Connecticut) also promised to oppose Leavitt, criticizing Leavitt's management style and environmental credentials. "Despite Governor Leavitt's recent trumpeting of cooperative management, he was central to the secret negotiations by the state of Utah in two agreements with the Department of the Interior that are dramatically reshaping the management of federal public lands in Utah and throughout the West," charged Lieberman.

Republican Senator Orrin Hatch of Utah described the opposition of some congressmen as predictable considering the nature of politics. Hatch described the upcoming confirmation process as "a touchy thing because a lot of people knee-jerk environmental issues. They don't care what's right or wrong."

The general bipartisan support for Leavitt was summed up by Utah State University President Stanford Cazier. "He tries to walk the delicate line between where the Sierra Club would like to be and where the Farm Bureau would like to be. He's a centrist, no doubt about it."

Western Roots

Leavitt's insistence on local input into federal issues can be traced to his Western roots. He reflects the sympathies of many Westerners, who feel Eastern politicians who do not understand the Western way of life nevertheless have been imposing on them a big-government agenda they do not support. Leavitt replaces New Jersey's Christie Whitman and, in tandem with Colorado-native Interior Secretary Gale Norton, ensures strong representation of Western viewpoints on environmental issues.

"Like Whitman, Leavitt is a Republican governor with something of a moderate reputation," observed Jonathan Adler, assistant professor of law at Case Western University. "Unlike Whitman, however, Leavitt has actually gotten his hands dirty in environmental policy, calling for greater state involvement and authority.

"Some fear Leavitt will be a 'western Whitman,'" continued Adler. "Perhaps, but there is little doubt Leavitt is a better choice than some others considered for the job. Leavitt clearly recognizes some of the central failings in environmental policy, and he deserves conservative support if he makes a serious effort to clean up EPA."

James M. Taylor is managing editor of Environment & Climate News. *His email address is* **taylor@heartland.org**.

Justice Department Obtains Industry Settlements

Shell Oil, others pay millions to settle pollution charges

The U.S. Department of Justice has announced it will recover nearly $65 million in August settlements of four environmental suits.

Shell Oil Hid Natural Gas Emissions

Shell Oil Company has agreed to pay $49 million in penalties to settle charges it made unauthorized and unreported natural gas emissions.

According to an August 5 announcement by the Justice Department and the Interior Department's Mineral and Management Services (MMS), Shell produced but then secretly burned off enough natural gas to power "hundreds of thousands of homes" once it determined it would be more profitable to switch its operations over to oil production.

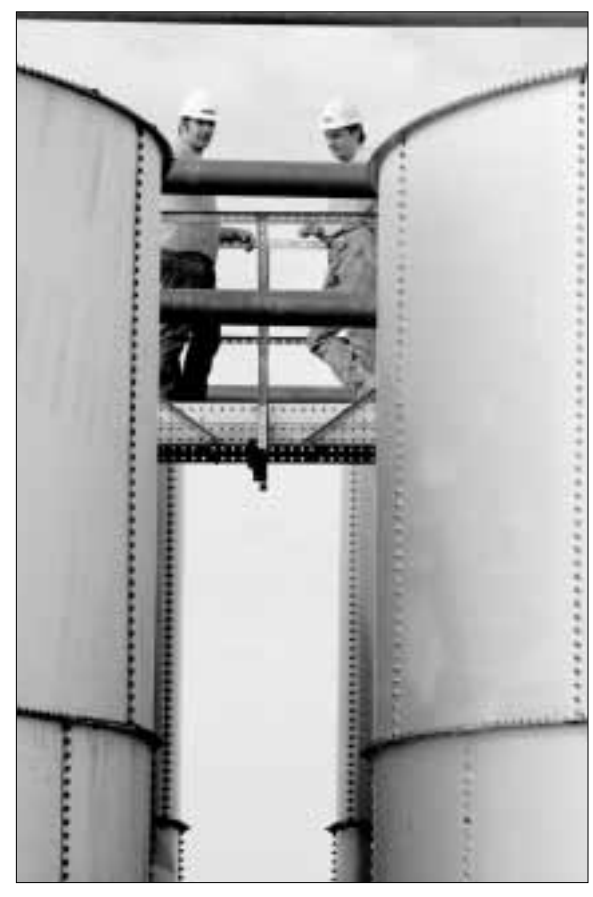
In addition to failing to report the emissions to the federal government, Shell failed to pay the appropriate royalties for the natural gas it had recovered and burned off.

"A settlement of this size sends a clear message to the industry that MMS is serious about compliance with its regulations," said MMS Director Johnnie Burton. "MMS continues to ensure the American people receive the royalties that are due from production of their natural gas, and works to conserve our nation's resources and to ensure safe and pollution-free operations."

Officials of the Dutch-owned and -operated company, who frequently assert they are more environmentally conscience than their American counterparts, attributed the unreported natural gas production and emissions to a misinterpretation of federal regulations. "It appears to me (they decided) to go ahead and produce more oil at the expense of being able to properly handle the gas production," said company spokeswoman Mary Dokiano. "At the time, the oil was more valuable as a commodity than the gas was."

Added Dokiano, "Since we couldn't stabilize the gas to separate it to get it into the gas pipeline, we made the decision to continue producing oil rather than to shut down the facility."

The $49 million settlement comes two years after Shell paid $110 million to settle a charge it under-reported the value of oil it accessed on public lands.



Additional $16 Million in Settlements

In addition to the Shell Oil settlement, the Justice Department announced $10 million in three separate settlement agreements.

- Earthgrains, a bakery company now owned by Sara Lee, has agreed to pay $5.25 million to settle charges its refrigerants emitted chemicals thought to harm the ozone layer. In addition to the monetary settlement, Earthgrains has agreed to phase out the use of the refrigerants in question.
- DuPont has agreed to pay $550,000 in fines and fund $550,000 in environmental projects to settle charges that a May 1997 chemical release from its Louisville, Kentucky plant emitted 11,500 pounds of hydrogen flouride into the air.
- Twelve companies have agreed to reimburse the federal government $10 million for cleanup of the San Gabriel Valley Los Angeles Superfund site. The site had been contaminated with chlorinated organic solvents.

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Anheuser-Busch to Receive Keep America Beautiful "Vision for America" Award

Keep America Beautiful, Inc. has named Anheuser-Busch the recipient of its 2003 Vision for America Award. The award will be presented to August A. Busch III, chairman of the board of Anheuser-Busch, in Chicago on October 28.

The award recognizes Anheuser-Busch's comprehensive environmental approach to business, commitment to environmental causes, and many innovations in conservation, recycling, and animal rescue and rehabilitation.

"Anheuser-Busch has an impressive and long-standing record of environmental stewardship that extends back for more than a century," said Keep America Beautiful President G. Raymond Empson. "Its corporate environmental philosophy is based on a deeply rooted commitment to support the environment and conserve natural resources."

Anheuser-Busch, the largest recycler of aluminum cans in the world, is the 18th recipient of the Vision for America Award. Since 1986, Keep America Beautiful has presented the award annually to corporations that have significantly enhanced civic, environmental, and social stewardship throughout the United States.

"We are proud to highlight the achievements of Anheuser-Busch before the American public by bestowing Keep America Beautiful's highest honor, and hope to inspire other corporations to foster similar environmental goals and an improved quality of life," said Empson.

Anheuser-Busch has diverse interests in beer, adventure park entertainment, and packaging. The company's SeaWorld Adventure Parks rescue, rehabilitate, and release to the wild more marine animals than any rescue operation in the world.

Keep America Beautiful, Inc. is a national nonprofit public education and community improvement organization whose network of more than 500 local, statewide, and international affiliates engages individuals in programs that prevent litter and encourage the reduction, reuse, recycling, and proper management of waste materials. Keep America Beautiful's programs motivate millions of volunteers annually to clean up, beautify, and otherwise improve their neighborhoods, creating safer and more livable community environments. It celebrates its 50th anniversary in 2003.

INTERNET INFO

For more information on Anheuser-Busch's environmental efforts, visit its Web site at **http://www.abenvironment.com**. More information about the Vision for America Award program is available online at **http://www.kab.org**.

Vision for America Award Recipients

2003
August A. Busch III
Chairman of the Board
Anheuser-Busch Companies, Inc.

2002
W. James McNerney, Jr.
Chairman and CEO
3M

2001
C. Michael Armstrong
Chairman of the Board and CEO
AT&T

2000
Sir John Browne
Group Chief Executive
BP

1999
Jack M. Greenberg
Chairman and CEO
McDonald's Corporation

1998
Alex Trotman
Chairman, President and CEO
Ford Motor Company

1997
Bernard Marcus
Chairman
Home Depot, Inc.

The first lifetime achievement award was presented in **1997** to The Honorable Bruce Babbitt, Secretary, U.S. Department of the Interior

1996
William D. Ruckelshaus
Chairman
Browning-Ferris Industries, Inc.

1995
Frank P. Popoff
Chairman and CEO
The Dow Chemical Company

1994
Charles B. Strauss
President and CEO
Lever Brothers Company

1993
T. Marshall Hahn, Jr.
Chairman
Georgia-Pacific Corporation

1992
Joseph E. Antonini
Chairman, President and CEO
K-mart Corporation

1991
Edgar S. Woolard, Jr.
Chairman and CEO
DuPont

1990
Edwin L. Artzt
Chairman and CEO
The Procter & Gamble Company

1989
Lyle Everingham
Chairman and CEO
The Kroger Company

1988
Hamish Maxwell
Chairman and CEO
Philip Morris Companies, Inc.

1987
Jere W. Thompson
President and CEO
The Southland Corporation

1986
Donald R. Keough
President
The Coca-Cola Company

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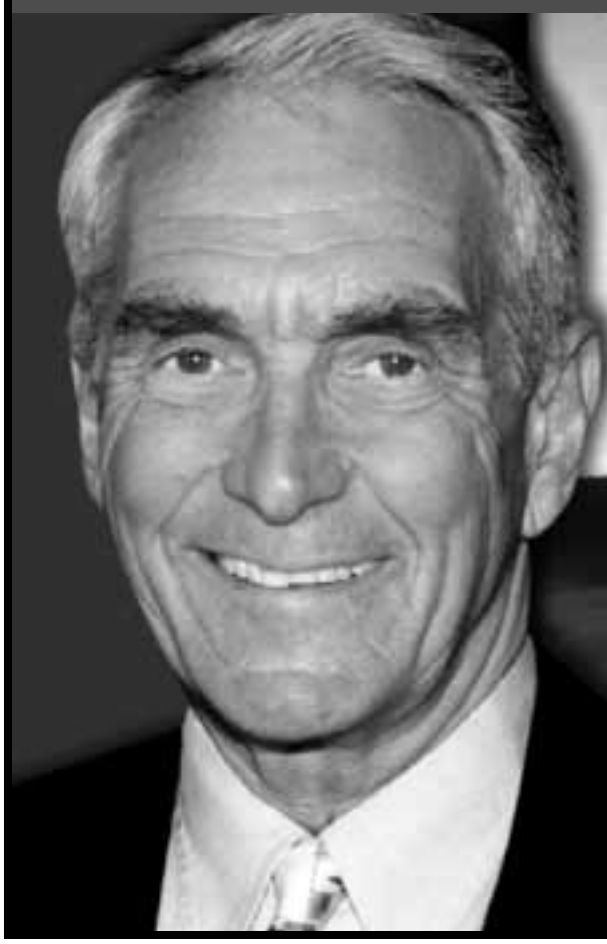

Who is Dr. Jay Lehr?

"Jay Lehr is an outstanding communicator,his knowledge of his subject is superb and his delivery is very engaging. He held the rapt attention of our audience."

C. BOOTH WALLENTINE
UTAH FARM BUREAU FEDERATION

Dr. Jay Lehr is an internationally renowned motivational speaker, scientist, and author. He is considered the world's leading authority on groundwater hydrology. Dr. Lehr is Science Director for The Heartland Institute, a nonprofit think tank based in Chicago, Illinois, and he's ready to speak to *your* group.

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Call 312/377-4000 today to schedule Dr. Jay Lehr to keynote your next event!

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BOOK REVIEW

by Dr. Jay Lehr

Pew Explores the Left-most Shores of America's Oceans

America's Living Oceans

by The Pew Ocean Commission a division of the Pew Charitable Trust

Before I initiate my critical review of this beautiful, full-color, 8-1/2" x 11" manifesto for government management of America's oceans, let me strongly recommend that each and every reader request a free copy of the book from the left-leaning Pew Charitable Trust by calling 703/516-0624. This will serve two purposes: First, you will make one less copy available to readers less able to evaluate its poor science and exaggerated conclusions; and second, you will own a beautifully illustrated book about our oceans full of fascinating information which, when divided by 10, will prove very instructive.

Pew assembled a marvelous collection of high-profile politicians, philanthropists, and personalities to travel the country, talk to people, and gather junk science reports from politically motivated scientists. Then Pew approved a well-written and beautifully illustrated report whose recommendations, if ever implemented, would essentially require a federal permit to swim in, fish in, live near, or produce anything in proximity to our oceans. The single goal of this report is to make our oceans as inaccessible to the American public as environmental zealots have succeeded in making our wilderness areas.

Former influential California congressman and Clinton chief of staff Leon Panetta wrote the forward to the book. He remarks on the importance of saving the fishing industry in California, leading me to wonder if in fact he was not deceived into participating in this project.

David Rockefeller, Jr. wrote the preface, which echoes the rich man's sentiments of preservation for all—not recognizing that his preservationist rhetoric removes the resource from man's beneficial use.

Some Redeeming Qualities

The book contains many interesting and accurate facts, not the least of which is the statement,

> The oceans are our largest public domain. America's oceans span nearly 4.5 million square miles, an area 23 percent larger than the nation's land area. Their biological riches surpass those of our national forests and wilderness areas. The genetic species, habitat, and ecosystem diversity of the oceans is believed to exceed that of any earth system.

The book also offers some capitalist sentiment:

> Though a price tag has never been assigned to our coastal economy, it is clear that it contributes significantly to the nation's overall economic activity. Tens of thousands of jobs in fishing, recreation, and tourism depend on healthy, functioning coastal ecosystems.

It even offers a little optimism:

> In the midst of crisis, there are expressions of hope and signs of success. Striped bass, severely depleted along our Atlantic shores, made a striking comeback when given a chance. North Atlantic swordfish recently did the same in response to lower catch limits and closed nursery areas. Seabirds, kelp beds, and fish communities returned to the coastal waters off Los Angeles after waste discharges were reduced.

But make no mistake: the Pew-recommended course of action is an anti-capitalist, anti-individual freedom, pro-government course.

Questionable Science

The Pew report exaggerates all scientific negatives. Over and over again it bemoans the "dead zones" in our oceans, only once mentioning in small print that in fact these are "hypoxic zones"—areas of low oxygen, thus inhabited by fewer aquatic species than other areas. They are by no means "dead."

The Pew report also tells incredible tall tales of invasive species and endangered species, continually stretching the truth but never so egregiously as the report's echoing of worst-case (make that incredible case) forecasts of 10º Fahrenheit increases in global temperature and 35-inch increases in sea level due to global warming.

The report paints the usual distorted picture of a society eating away at its land mass through development, when in fact Americans occupy just 4.3 percent of the nation's land area. Pew chooses an absurd trend line to predict a nearly 40 percent increase in America's developed acreage over the next 22 years.

The report's sharpest barbs are saved for America's growing aquiculture industry, which threatens to improve the health of humans worldwide by supplying the globe with more animal protein at more reasonable prices than ever before.

Command-and-Control Solutions

Before making 31 recommendations for the command-and-control of our nation's ocean territories, the Pew report sugar-coats its intentions with this lovely paragraph.

> To achieve and maintain healthy ecosystems requires that we change our perspective and extend an ethic of stewardship and responsibility toward the oceans. Most importantly, we must treat our oceans as a public trust. The oceans are a vast public domain that is vitally important to our environmental and economic security as a nation. The public has entrusted the government with the stewardship of our oceans, and the government should exercise its authority with a broad sense of responsibility toward all citizens and their long-term interests.

Is that not gorgeous rhetoric? Maybe that is a third reason to get this book: to appreciate the brilliance of the devious socialist mind!

Among the worst recommendations of the report you will find the following:

- "As part of a National Ocean Policy Act Congress should establish regional ocean ecosystems councils consisting of appropriate federal, state, and tribal representatives. These councils should be charged with developing and overseeing implementation of enforceable regional ocean governance plans to carry out national policy to protect, maintain, and restore marine ecosystems."
- Implement ecosystem-based planning and marine zoning and regulate the use of fishing gear that is destructive to marine habitat.
- Require bycatch (discarded catch) monitoring and management plans as well as comprehensive access and allocation planning as a condition of fishing.
- Redirect government programs and subsidies away from harmful coastal development.
- Congress should enact legislation to regulate marine aquiculture.
- Reduce fishing capacity where necessary using traditional buy-back programs and providing other transition assistance for displaced fishermen and affected communities.

Considered individually, many of these recommendations sound as warm and fuzzy as motherhood and apple pie. Taken together, however, the 31 recommendations would make the oceans of the United States a wholly owned subsidiary of the federal government. Virtually no freedom would be left for an individual citizen to enjoy and employ our ocean resources, even in the most harmless and unobtrusive manner.

There is a parallel in the production of this book to *Fatal Harvest*, a book I reviewed earlier this year. (See "A Picture Book for Socialist Warriors," *Environment & Climate News*, March 2003.) Masquerading as a colorful coffee table book, its intent was to destroy agriculture as we know it and force the world to rely on organic farming—with the resultant starvation of millions, if not billions, of people on our planet. *American's Living Oceans* has similar, if not quite as draconian, intentions of depriving society of many of nature's greatest resources.

Dr. Jay Lehr is science director for The Heartland Institute. His email address is **e3@e3power.com**.

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JAMES TAYLOR

State CO2 Caps a Costly Symbolic Statement

by James M. Taylor

This summer, Maine became the only state legislature to pass a law aimed at capping greenhouse gas emissions. The law is similar to greenhouse gas reduction plans implemented outside of the legislative process in four other New England states.

The New England developments are part of an important environmental debate taking place in all 50 state legislatures. Unfortunately for state taxpayers and hard-working families, that debate is characterized by more heat than light.

The politics of climate change is far removed from the science and economics of climate change. That problem is not unique to the climate change debate, but the dangers of rash political action on climate change are so grave this debate merits our special attention.

"State policymakers, don't sentence the citizens of your state to a future of economic hardship in order to make a merely symbolic statement on the environment."

Science of Climate Change

Where does the science of global warming stand?

More often than not, the mainstream press covers climate change stories as if there is a scientific consensus that dangerous global warming is occurring, is caused by humans, and will accelerate in the future if the government doesn't take action now. Only rarely will a newspaper report that the science is unsettled or quote scientists who reject global warming theory.

As James Schlesinger noted in a *Washington Post* article (see "Climate Change: The Science Isn't Settled," reprinted in the August 2003 issue of *Environment & Climate News*), "Despite the certainty many seem to feel about the causes, effects, and extent of climate change, we are in fact making only slow progress in our understanding of the underlying science."

A petition compiled by a past president of the National Academy of Sciences has attracted the signatures of more than 17,000 scientists. All agree the science of climate change, and man's role in it, is uncertain. Fully 89 percent of respondents to a survey of state climatologists agreed that "current science is unable to isolate and measure variations in global temperatures caused only by man-made factors."

The ongoing scientific debate illustrated by this petition and survey is that current data and scientific understanding of the processes of climate change do not support the conclusion that human-induced global warming is occurring or is likely to occur in the future.

Will CO2 Controls Help?

Computer models of the global climate use assumptions and data that are constantly being revised and disputed by experts. Though not designed to make predictions, the models are often cited by those who forecast the Earth will experience roughly 2° Celsius of warming during the next 100 years. That would return the Earth's average temperature to about what it was 2,000 years ago.

Those same computer models have been used to predict the effect on climate that would be achieved by the Kyoto Protocol, assuming all parties were to adhere to their end of the bargain. The greenhouse gas controls envisioned by Kyoto would prevent just 0.13 degrees of warming in the next century. Instead of being roughly 2° C warmer, the Earth would be roughly 1.87° C warmer.

Actions taken by individual states, of course, would have a dramatically smaller impact. As two coauthors and I noted in a February 2003 study for The Heartland Institute,

> A typical state's successful effort to reduce greenhouse gas emissions would reduce anthropogenic planetary greenhouse gas emissions by 0.00125 percent (1 x .25 x .02 x .25). This in turn would reduce natural as well as anthropogenic greenhouse gas emissions by 0.000125 percent (.00125 x .10). And finally, the effect of all greenhouse gases, natural as well as man-made, is overwhelmed by changes in solar radiation and the temperature of the sun, over which we obviously have no control.

The unavoidable conclusion is that the effort by states to reduce greenhouse gas emissions is only a symbolic statement with no real-world effect at all.

Implementation of the Kyoto Protocol (which President Bill Clinton and Vice President Al Gore strongly supported) would result in an 86 percent hike in energy prices and a 52 percent hike in gasoline prices.

High Price to Pay

Now consider the economics of greenhouse gas control measures.

According to an analysis conducted by the U.S. Department of Energy under the Clinton administration, implementation of the Kyoto Protocol (which President Bill Clinton and Vice President Al Gore strongly supported) would result in an 86 percent hike in energy prices and a 52 percent hike in gasoline prices. U.S. Gross Domestic Product would fall more than 4 percent—nearly $400 billion—by 2010.

Analyses conducted by private-sector economists have confirmed the estimates produced by the Clinton administration researchers, also predicting jumps in unemployment and tax revenue shortfalls that would result from Kyoto.

The damage will be far greater for states, like Maine and some of its Northeastern neighbors, that decide to "go it alone." If a state caps greenhouse gas emissions, it will double the energy prices that must be paid by its industry and residents. How long do you think it might be before businesses and residents move to states without caps?

The *Heartland Policy Study* I coauthored earlier this year offers state-by-state estimates of just how expensive greenhouse gas controls might be to a state's economy.

For example, if the Maine law actually results in a mandatory program to cut greenhouse gas emissions—right now the law requires only a plan to meet specific reduction targets—by 2020 the average Maine household will likely pay more than $6,300 per year in higher-priced goods and services and lost income. More than $400 million will be lost from the state's tax revenues every year. Unemployment will be at least a full percentage point higher than it would be without the CO2 controls.

While plans to cap greenhouse gases are taken seriously in state legislatures across the country, the science and economics of climate change point in the opposite direction.

State policymakers, don't sentence the citizens of your state to a future of economic hardship in order to make a merely symbolic statement on the environment. Your intentions may be good, but this not a road you want to travel.

James M. Taylor is managing editor of Environment & Climate News. *His email address is* **taylor@heartland.org**.

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Visit Heartland's Web site at www.heartland.org and find the think tank or advocacy group in your state that supports free-market ideas. Learn about their work and become a member.

✓ **Contact your local media**
Point out junk science and anti-market bias in letters to your daily newspaper. Brief letters— just three or four sentences—that refer in the first sentence to an article in a recent issue have the best chance of being published. They take only a few minutes to write and submit!

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